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# West Europe Report

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14 March 1985

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ARMS CONTROL

EUROPEAN AFFAIRS

BRIEFS

NORDIC SOCIALISTS' ZONE PETITION--Social Democrats in the northern parts of Norway, Sweden and Finland are assembling a petition for a nuclear weapon free Nordic zone. The campaign was introduced on Monday in Uleaborg by the vice chairman of the Social Democratic Party, Minister of Environmental Affairs Matti Ahde. Ahde also helped open the campaign in Sweden. The petition began on 6 December. It will end in connection with the Arctic conference in Kiruna on 14-16 June, when the petitions will be delivered to the prime ministers of Sweden and Finland and the chairman of the Norwegian Labor Party, Gro Harlem Brundtland. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 14 Feb 85 p 6] 9287

CSO: 3650/175

ARMS CONTROL

BELGIUM

# CVP CONGRESS LEAVES CRUISE MISSILE QUESTION OPEN

Brussels LE SOIR in French 12 Feb 85 p 2

[Article by Guy Duplat: "Neither Yes nor No to Missiles: the CVP Looks Toward Its Ministers and Its Members of Parliament" ]

[Text] The CVP [Socialist Christian Party] Congress did not permit that party to clarify its position on missiles. A majority seems resigned to accepting them on the anticipated date, but a hard core, including a good part of the left wing of the CVP (the ACW [General Christian Workers Federation]), from Luc Dhoore and Luc Vanden Brande to Jean-Luc Dehaene, still remain to be persuaded.

Saturday there was neither vote nor motion on missiles. The CVP president, Frank Swaelen, merely referred the question to the CVP ministers and members of parliament. He explained it was up to them to decide "in all conscience." The same Frank Swaelen sharply attacked the Flemish pacifist movement, VAKA, [Flemish Action Committee against Nuclear Weapons] the organizer of the [next] demonstration on March 17. He accused VAKA of being a wolf in sheep's clothing.

Somehow linking the missiles question with that of the tax system, the CVP president clearly indicated that there would be no tax reduction if it did not first benefit families with children. A clear warning for the liberals.

The CVP congress had great popular appeal. Despite the snowstorms, almost 2000 persons gathered at Ghent. Everything had been done to avoid any surprises: in the morning congress members discussed the government budget behind closed doors and in the afternoon the plenary session involved neither vote nor motion, but speeches by Messers Swaelen and Martens.

Of course, missiles were the big problem. The three government parties allied with the CVP as well as our partners in the Atlantic Alliance, are putting pressure on the Flemish social-christians to accept deployment of the first sixteen cruise missiles next March, as anticipated. A majority of CVP leaders, the senatorial group, and a majority of the group of deputies are ready to side with such a decision. But a hard core remains, as was again shown Saturday morning at the discussion in the Foreign Affairs committee. Of



the seventeen CVP districts, eleven expressed themselves; of these, eight opposed rapid installation of missiles. Among these rebels were included the young CVP [members] from Limburg, Termonde, Malines and even Ghent. But in addition to these speeches it was possible to hear very many individual views favorable to a rapid installation of missiles.

#### Against the antimissiles

In his final speech before the Congress Mr Swaelen did not speak of the differences which had appeared in committee in the morning. On the contrary, he has already prepared the arguments supporting the probable acceptance of the missiles, strongly stressing the Soviets' responsibilities and the absence of concrete gestures by them for disarmament. He also attacked in very strong terms the SP [Socialist Party], the Volksunie, the communist party, and above all the pacifist VAKA movement. "The VAKA is a wolf in sheep's clothing," he exclaimed. "For awhile a certain number of idealists let themselves be influenced [by them]. But today the mask is off. The VAKA is not a peace movement; it has become an antimissile and anti-CVP organization."

The CVP, unable to reach a clear decision on this difficult problem, today leaves it up to its ministers and its deputies to "decide in all conscience." However, it should be known that the ACW, with Luc Dhoore and above all Luc Vanden Brande, head of the CVP group in the chamber, remain partisans of postponing installation of the missiles. Will they go so far as to vote against the government? That seems unlikely; however, that will be the critical question during the next few weeks.

#### A Gesture Toward the ACW?

Next Thursday the ACW is holding an important committee meeting and the CVP will hold a general council meeting 19 February. Will there be a way to get from our Atlantic allies and the CVP's governmental partners a gesture to permit the ACW to save face? No one really thinks so. On the other hand, it is not to be excluded that a certain linkage may be established between missiles and taxation. Mr Swaelen was very clear on that subject. "There is no possibility of a major tax action in 1985. The first objective of the government remains budgetary stability. Tax reductions should above all benefit families having children. If not, there is no question of tax reduction."

In any event the speeches of Mr Swaelen and Mr Martens confirmed what was anticipated. The CVP completely supports the socio-economic policy of Martens V and wishes to continue it after the elections. The prime minister, who will lead his party's electoral campaign, explained that four or five years from now our country would overcome the crisis. "We can see the light at the end of the tunnel." For this policy and for a united CVP, Messers Martens and Swaelen were thunderously applauded by the two thousand congress members. Everything would have been for the best had it been possible to exorcise completely the missile specter.

9772

CSO: 3619/49

POLITICAL

CYPRUS

WESTERN INTERVENTION IN CYPRUS ISSUE URGED

NC090900 Nicosia O AGON in Greek 9 Feb 85 p 1

["My Opinion" Column by the "Observer": "The Time Has Ripened...for a Decisive Intervention by the Western Quarters"]

[Text] The intention and desire being manifested by Western quarters, primarily the Americans and British, to help toward the creation of some new prospects probably constitute the only consoling and encouraging element in the whole of the obscure and disappointing situation around the Cyprus issue. The Western quarters aim at reviving some mobility within the issue so that we may emerge from the deadlock caused by the Turkish intransigence and negative stand at New York.

All indications and reports are convincing that efforts are being exerted by Western quarters for a new summit meeting before new faits accomplis are announced by Rauf Denktas.

We do not know if these efforts will be successful, but our side and more specifically the Cyprus Government should assist Western actions as much as possible.

Since we are now talking about the Western quarters, we believe it is imperative to point out that:

-- Now is probably a unique time in the history of the Republic of Cyprus when Western quarters cannot complain nor do they have the right to cite an anti-Western policy by Cyprus.

President Spiros Kiprianou, without abandoning the nonaligned policy, has proceeded with a resolute approach to the Western world not only with words and slogans, but with concrete courageous political actions and initiatives.

-- The use of Larnaca Airport for the needs of the Multinational Force, the abrogation of the Minimum Program [for DIKO-AKEL cooperation], and the establishment of frequent contacts with Western leaders and governments are worth noting as political indications of the Cyprus government's new approach.

The "Turning to the West" slogan has now been converted into action and into a fact of immense political significance for both the Western quarters and Cyprus.

Consequently, the Americans and the Western quarters in general have no longer any reason to look upon Cyprus in a hostile manner and to strike out against it.

On the contrary: They are obliged to help Cyprus face its problem and resolve it in a just and viable manner. The Western quarters have both the ways and means of promoting a just and viable solution for Cyprus which, while serving their own interests in the region, would also create favorable prerequisites for the solution of Greek-Turkish problems and for a new approach to Greek-U.S. relations that have recently been undergoing a serious trial.

We believe that now there are favorable prerequisites for a drastic intervention by U.S. and Western quarters with the aim of solving the Cyprus issue.

There is a unique, we would say, opportunity for a decisive move by Western quarters here in Cyprus.

-- It is certain that the Greek Cypriot side will not say "no" to this intervention.

-- This is so because the position has ripened both within the officialdom of Cyprus and among the people that this problem cannot be solved without the decisive intervention of the Western quarters.

-- We must admit that if a lot of time has been lost, it was certainly our mistake. However, it would be a much bigger mistake by the Western quarters if they do not receive the messages, if they do not realize the change, and if they do not approach the new situation positively. This is so because if the approach is negative, then Greek confidence will turn into suspicion that the Western quarters do not desire a solution for Cyprus but, in collusion with the Turks, they are planning other things....

CSO: 3521/173

POLITICAL

CYPRUS

COURAGE URGED TO FIND POINTS OF CONTACT

Nicosia 0 FILELEVTHEROS in Greek 29 Jan 85 p 3

[Editorial: "A Denktas Position We Accept"]

[Text] A refusal is easy. But it is not always useful. What is easy is for someone to be in continuous opposition to his interlocutor and never hit upon a certain argument presented by the other side which he can praise or accept. In the case of problems like the Cyprus one, our opposition to the policies of the Turkish and the Cypriot Turkish governments was not unjustified, because it was a policy that did not serve the interests of our people and our country; on the contrary, it expressed the most extreme opposition in our regard. No matter how much good will we might have shown, it was impossible to view it positively. It has to be rejected.

The differences between the two sides for the solution of the Cyprus issue (even if they were fewer than at any other time) are serious. But this does not mean they are unbridgeable. If they were unbridgeable, the situation would be desperate both for the Greek and the Turkish Cypriots. The fact that attempts are being made to maintain contact proves that they can be bridged. The three first "proximity" meetings and the first high-level meeting are proof that the gap can and must be bridged.

In order to achieve this, we must start out from somewhere. We must look for the common points of contact. We find aspects in Mr Denktas' recent statements on which we can agree. There are also aspects (we shall dare to say so) that we can praise. Yes.

Among other things, Mr Denktas said: "I shall keep the door open for a dialogue, because the Cyprus issue can only be settled through dialogue and talks. It cannot be settled through other means."

We completely agree with Mr Denktas' position.

CSO: 3521/175

POLITICAL

DENMARK

# SOCIAL DEMOCRATS LOSE, CONSERVATIVES GAIN IN POLL

Copenhagen BERLINGSKE TIDENDE in Danish 3 Feb 85 pp 1, 8

[Article by Solveig Rodsgaard]

[Text] The latest Gallup poll would give the Conservatives 47 seats in Folketing, make SF [Socialist People's Party] the third largest party in parliament and eliminate the 5 VS [Left-Socialist Party] seats altogether.

The Social Democrats lost almost all the gains the party made in the last Gallup poll and are now below the election results a year ago.

The Conservatives continued their upward trend and would get 47 seats if we held an election now. And VS would be out of Folketing.

This is shown by the latest Gallup poll which was conducted in the period 12-25 January. The Conservative gain was accompanied by a small gain for the Christian People's Party but both the Liberals and CD [Center-Democrats] declined compared to the previous poll. The Radical Liberals are still below their election results but had a modest gain compared to the December poll.

It may seem surprising that the Conservatives have received so much support in view of the sharp criticism that has been voiced, especially against Tax Minister Isi Foighel in connection with the adoption of the holding law with retroactive effect and the whole debate on the government's view of the law and order principle.

The Gallup poll also showed that SF is still attracting an increasing number of voters. The party would be Folketing's third largest party today with 24 seats. Presumably SF got these voters from the Social Democrats and VS.

The VS decline comes after the heated internal debate, a certain group's effort to reconstruct the party and the exclusion of the Joint Union List faction.

BERLINGSKE TIDENDE has calculated the distribution of Folketing seats on the basis of the Gallup figures. The two seats from the Faeroe Islands and the two from Greenland have not been included.

Table 1. Estimated Distribution of Seats in Parliament

<u>Party</u>	<u>Poll</u>	<u>Now</u>
Social Democrats	56	56
Radical Liberals	8	10
Conservatives	47	43
Socialist People's Party	24	21
Center-Democrats	7	8
Christian People's Party	5	5
Liberals	22	22
Left-Socialist	0	5
Progressives	6	4
Free Democrats	0	1

Table 2. Political Index

Question: Which party would you vote for if there was a Folketing election tomorrow?

Data collected in the period from 12 to 25 January 1985. Answers shown in percentages.

<u>Party</u>	<u>10</u> <u>Jan</u> <u>1984</u>	<u>Sep</u> <u>1984</u>	<u>Oct</u> <u>1984</u>	<u>Nov</u> <u>1984</u>	<u>Dec</u> <u>1984</u>	<u>Jan</u> <u>1985</u>
Social Democrats	31.6	32.1	32.1	30.1	33.4	30.7
Radical Liberals	5.5	5.3	4.9	5.7	4.2	4.4
Conservatives	23.4	25.7	24.4	25.6	24.2	25.6
Single-Tax Party	1.5	--	--	--	--	--
Socialist People's Party	11.5	12.7	12.1	13.5	12.7	13.3
International Socialist Workers	0.1	--	--	--	--	--
Communist Party	0.7	--	--	--	--	--
Marxist-Leninist Party	0.0	--	--	--	--	--
Center-Democrats	4.6	3.3	4.2	4.3	4.4	3.6
Christian People's Party	2.7	2.4	2.4	2.5	2.4	2.7
Liberals	12.1	11.5	11.5	11.7	12.4	12.0
Left-Socialists	2.7	2.5	2.1	2.0	2.1	--
Progressives	3.6	2.6	3.8	2.3	2.0	3.3
Other parties (those with less than 2 percent of the vote)	--	1.9	2.5	2.3	2.2	4.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

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6578

CSO: 3613/107

POLITICAL

DENMARK

# SDP CHANGING TACTICS IN ATTEMPT TO STRENGTHEN OPPOSITION ROLE

Copenhagen BERLINGSKE TIDENDE in Danish 3 Feb 85 p 12

[Article by Solveig Rodsgaard: "SDP Wants to Create New Profile"]

[Text] After the many years it has spent in the opposition the party has realized that it must create a new profile before it can touch the government's position. In the future there will be fewer attacks on the government and more forceful initiatives.

The New Year's resolution of the Social Democratic Party is to create a new and sharper profile. The party has realized that it cannot force the government out at the moment, especially not on the issue of security policy. Therefore emphasis will now be placed on forming an opposition policy that can appeal to defecting voters, show a more sharply-etched profile in contrast to SF [Socialist People's Party] and tempt the Radical Liberals, so that the Social Democrats will be in a strong position the next time there is an election.

The New Year's resolution was confirmed at the Social Democratic group meeting on 10 January. Operation New Profile had been in the process of development for several months, but the group meeting on 10 January led to so much clarification and was regarded by many group members as so positive that this day was seen as a turning point. Although there was nothing clandestine about the decision it was in the interests of the Folketing group not to have too much publicity surrounding it. When a new strategy was being mapped out they did not want to present the enemy with arguments.

## Apprenticeship Over

Many group members had the floor at the meeting on 10 January, but four long speeches in particular covered the essential aspects of a different policy. Erling Olsen made a long speech on educational policy, Mogens Lykketoft and Mogens Camre presented an economic plan and Jimmy Stahr spoke about culture, the environment and the external profile of the Social Democratic Party.

The new profile is also intended to show that the Social Democrats' opposition apprenticeship is over. It has been a long apprenticeship, lasting

almost 2 1/2 years, but now the party should have learned all it needs to know. Most Social Democratic members of Folketing concede that it has been a hard process to go through. A party that was accustomed to being in power for such a long time is quite helpless when it is placed in the opposition ranks and it has taken the party several years to learn how to make policy.

#### Mistake

And what the Social Democrats have now learned is that there must be fewer but more forceful initiatives. That the constant security policy attacks on the government and the many resolutions were not the smartest thing the party has ever done. Not to mention the total mistake it made by voting against the 1984 budget. The Social Democratic Folketing group will now work on the assumption that the government will remain in office for the rest of the election period and that their work must be adjusted to that. Therefore the primary goal is no longer to try and topple the government every month. Now work on the Social Democrats' own policy will take precedence.

As something new group members will try to cut across chairmanship lines to formulate a Social Democratic policy. This will be done by having a dozen Folketing members at a time meet with Anker Jorgensen, Ritt Bjerregaard and Svend Auken. Here they will discuss cooperation and good ideas and proposals will be welcome.

#### Realistic Income Policy

And what will the new profile consist of? The decision by the Social Democratic Folketing group is based on more long-range initiatives in a number of areas, especially culture, the environment and the economy. In the last area they will, in a special gesture toward the Radical Liberals, stress what is called a "realistic income policy." Initiatives will be presented both in written form and as part of a verbal political debate and this debate will also spend some time on ideology. Which means that SF will get what it has coming and the Radicals will be taken care of. In addition the Social Democrats will persist in keeping an eye on whether cracks develop in the government coalition work. The party believes that especially this fall, before the municipal elections, "there will be interesting battles between Liberals and Conservatives when the Liberals have to fight to hold onto the many mayoral posts they occupy and this could also have national political themes."

#### Too Busy Attacking

One of the things the Social Democrats are now aware of is that in its previous opposition policy the party was too busy attacking the government while SF steadily nibbled away at the Social Democratic left wing, flourishing what the Social Democrats call an irresponsible policy of overbidding in the economic area. But in the past the party did not have enough strength to wage a "war on two fronts." Now the situation is different.



Anker Jorgensen

The turning point for Anker Jorgensen presumably came when he was forced by the majority in his Folketing group to make a soft landing at the end of November in the security policy debate--and thus had to acknowledge that the Social Democrats did not dare hold an election based on security policy.

The theme then was the government's position on UN resolutions on the first use of nuclear weapons. During the subsequent security policy interpellation debate in December on Denmark's role in the United Nations, the Social Democrats proposed a moderate resolution that referred to the resolution of 3 May and suggested the appointment of a Folketing committee to discuss the Dyvig report. To the surprise of the Social Democrats the government did not vote for the resolution but abstained. Since then the Social Democrats have held a low security policy profile.

On the other hand it is now being noted with surprise and satisfaction by the Folketing group that Anker Jorgensen has recently become much better at listening to his group members. This is shown among other things by the meetings that he along with Ritt Bjerregaard and Svend Auken will invite group members to attend. In the past the party chairman's weak point has been that he has never really been willing to accept good advice and for that reason he has frequently thrown the party into somewhat confused situations because he has spoken without having consulted his advisers. "Anker never talks to anyone, we never know what he will do," many Social Democratic Folketing members both inside and outside the leadership have complained.

But things are better now and group members have also noted that Anker Jorgensen's position in the Social Democratic Party is very strong. He goes to a lot of meetings around the country, talking to the anonymous Social Democrats, and his appeal to the people must not be underestimated.

His position as untouchable party chairman is also strong. The general opinion is that Anker Jorgensen does not intend to resign before he has led the Social Democrats back to success in an election--the first that comes up or the next one. Which would probably not bother Svend Auken at all. It is said that he would have nothing against waiting 2, 3 or 4 years before the chairmanship becomes open. Some rough edges have to be smoothed off and the platform needs to be better consolidated.

#### Crosn Prince

Svend Auken is currently unshakable as the party's crown prince. His position in the Social Democratic Party has become very strong since last summer. Especially since he united several factions in the party with his security policy initiative that led to the appointment of the Dyvig committee.

But who gives Anker Jorgensen good advice? In the Folketing group his advisers are the "regular leadership," which in addition to Anker Jorgensen consists of group vice chairman Ritt Bjerregaard, party vice chairman and

group committee member Knud Heinesen, two others from the group committee, Ivar Norgaard and Folketing president Svend Jakobsen, along with the head of the Social Democratic News Service, Ole Skovgaard.

Normally the regular leaders of the Folketing group meet once a week, just like the regular leadership of the party. This includes Anker Jorgensen, the party's two vice chairmen, Knud Heinesen and Birte Weiss, party secretary Steen Christensen and Ole Skovgaard.

Knud Heinesen's position is a little hard to evaluate at the moment. He has announced that he will leave Folketing when the next election is held but he will continue to serve as party vice chairman. So far Heinesen has denied all the rumors that he has been promised a major post outside political life. But it is generally believed that if he is offered a major post "in the labor movement or the cooperative movement," he will leave Folketing right away. If the job is a major post outside the labor or cooperative movements he will also leave the vice chairmanship immediately.

#### Quiet Weiss

The other vice chairman, Radio Council chairman Birte Weiss, who easily beat Folketing member Helle Degn in the contested election at the September party congress, has internal strength. The public has not heard much of her since September when she became vice chairman. But as always she has good contacts with the Social Democratic grass roots and she became chairman of the committee on Europe that was appointed by the congress. This committee will look into Denmark's situation outside and inside EC and will present a report before the 1986 annual meeting on this issue, which is such a sensitive one for many Social Democrats.

#### Marked by Defeat

Ritt Bjerregaard's position in the Social Democratic Party is still marked by the defeat she suffered at the congress when her two candidates for vice chairman and party secretary respectively, Helle Degn and Inge Nesgaard, were rejected. Her coffee club, which used to be so powerful, broke up a few months ago and she is still keeping a low profile. It has also been noted that the advice she and Svend Auken gave Anker Jorgensen in November on the UN resolution issue reportedly differed greatly. Each had a different idea of the government's position before the important meeting of the Foreign Policy Board. Svend Auken's--that the government would not give in--turned out to be the right one.

#### Struggling with Finances

Party secretary Steen Christensen was also newly elected at the congress. He replaced Ejner Hovgaard Christiansen who was elected to the EC Parliament in June and many Social Democrats feel that this is a much-needed renewal of the important position of party secretary. Up to the time of the congress Steen Christensen was international secretary at the SDP office in Copenhagen.

At the moment the party secretary's big job is to bring the Social Democratic finances in order. The EC election left the party with a big deficit. Knud Heinesen was chairman of the Social Democrats' EC election committee but Anker Jorgensen officially took responsibility for the budgeting error--along with Ejner Hovgaard Christiansen. At the party's next executive committee meeting on 9 February Steen Christensen will present a new budget proposal for 1985, worked out on the basis of the 1984 deficit.

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POLITICAL

DENMARK

SDP NEWSPAPER ON RIFT IN RADICAL LIBERAL PARTY

Copenhagen AKTUELT in Danish 23 Jan 85 p 8

/Editorial: "Radical Unrest"/

/Text/ Party leader Niels Helveg Petersen has reacted rather splendidly to the internal unrest that has plagued the Radical Liberal Party for some months. The "grassroots" in the party have justifiably said that the party's 10 Folketing representatives have not managed to utilize their key position in Danish politics to a sufficient degree. The party's MP's have voted for some of the most asocial cutbacks that we have seen in a long time--without gaining anything in return.

It is perhaps understadnable that the lader of the Radical Liberal Party can shrug off the commotion within his own party. There is no doubt that Niels Helveg Petersen has political backing for the course charted by his party in supporting a conservative government. It is, in any case, a fact that Helveg and Co have repeatedly received support from the central committee, the national convention, etc., whereas the critics have not been able to pull together a sufficient political backing.

But even if the commotion within the Radical Liberal Party has only been caused by a modest minority in the party, the party's 10 MP's have presumably learned something from the internal upheavals of the last few months. The Radical Liberal Party's representatives in the Folketing will have a hard time voting for any new welfare cutbacks aimed at the weakest sectors of our population. They can cause serious problems of the government, and they can perhaps insure that we may finally see the tax reforms that have been supported by a majority in the Folketing for years. If this succeeds, then the commotion among the Radicals has not been entirely in vain.

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LEFT SOCIALIST PARTY IN TURMOIL OVER 'ROTATION PRINCIPLE'

Party About to Split

Copenhagen AKTUELT in Danish 6 Jan 85 p 9

[Editorial: "We Weep Dry-Eyed"]

[Text] The Left Socialist Party is flaking out on us.

We can think of nobody who might have anything against this turn of events, outside of the Left Socialists' own narrow little circle.

It has been characteristic of the party that the leadership changes its opinions depending on where its best interests lie. The last time the Left Socialist ship was out on the high seas, they detected that they were sinking and turned their course to the left. The policymakers amongst the Left Socialists exhibited baldly militant attitudes, and they did not deny that terrorist tactics might prove necessary.

Now they are trying the opposite course, in an attempt to attract new voters. They are talking very loudly about terrorism as a tactic one must enthusiastically denounce.

And now the party is getting ready to slaughter one of the most sacred of all sacred cows--the so-called rotation principle.

The principle is based on the rule that a member cannot occupy a salaried position for more than seven years. The rule cost the brilliant politician Preben Wilhelm, among others, a seat in the Folketing. But now they are talking about making an exception to the principle to save Mayor Vilho Sigurdsson.

The Left Socialists are on their way out of Danish politics. This news makes us weep with dry eyes.

'Revolutionary Socialists' Purged

Copenhagen BERLINGSKE TIDENDE in Danish 21 Jan 85 p 10

[Article by Thorkild Dahl]

[Text] The Left Socialists threw out 40 members last Sunday, adherents of the "Revolutionary Socialist" faction, after a long period of internal upheaval. The decision was arrived at almost unanimously by the party leadership, and the splinter group is to have no influence among the party's MP's. MP Elisabeth Bruun Olesen has been known to express sympathy for the faction, but announced on Sunday that she now supports the decision to cut the group off. The leadership threw the group out because it was trying to form a new party, and only remained inside of the Left Socialist Party in order to attract members. It is against the internal regulations of the Left Socialist Party to try to form a new party, and by calling attention to this organizational infraction, the leaders were able to unite the remaining different political sympathies within the party.

The "excommunication" of this faction means that we have yet another new party on the left wing on the Danish political scene.

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POLITICAL

DENMARK

# UNEMPLOYMENT COMPENSATION SOURCE OF RIFT IN COALITION

Copenhagen BERLINGSKE AFTEN in Danish 1-7 Feb 85 pp 1, 3

[Article by John Wagner]

[Excerpt] "One cannot belong to both the opposition and the government." The statement comes from a Conservative member of Folketing and refers to Denmark's Liberal Party. Many Conservatives feel that a growing number of Liberal politicians are disloyal to the four-party government coalition and that the rivalry between the big government parties will end in a real government crisis in connection with the municipal elections in November. In the wake of the government parties' internal disagreement on how to tackle the so-called unemployment compensation scandal, we talked to leading nonsocialist politicians about the problems of cooperation--a cooperation that has been severely tested by the disagreement over appointing an investigative panel to look into the unemployment fund scandal in more detail.

It was 2 o'clock in the afternoon of Friday, 1 February 1985. On the second floor of Christiansborg in Room 329 the Folketing Procedural Committee was in session. On the agenda was the issue of the state's advance payments to unemployment funds.

Before the meeting the government parties had agreed--after a great deal of discussion--that an investigative panel should be named to look into why nothing had been done earlier about the low interest paid on unemployment funds, which are in the billions, and that a judge should look into whether there have been unintentional advance payments in other ministries besides the Labor Ministry.

The government decision, which had the support of the Radical Liberals, would be taken up by the Procedural Committee, but the committee's recommendation would not be written until the following week. However there was no longer any doubt about the agenda. The committee will write its report. A motion

will be presented to Folketing and passed. Justice Minister Erik Ninn-Hansen will ask the president of the Supreme Court to appoint an investigative panel. The panel will be asked to report on its findings by fall. And what then?

This article deals with two aspects of the unemployment compensation scandal--the political sequel, the importance of which must not be underestimated, and past experiences with investigative panels. First the political sequel:

#### A Vulnerable Cooperation

The political sequel of the unemployment compensation scandal shows that the otherwise excellent cooperation in the four-party government is vulnerable when disagreements of a strategic and political nature arise between the Conservative Party's most experienced (and cautious) ministers and the Liberal Party's "young lions." The discussion of the issue confirms that there is a difference in mentality between being a conservative and being a liberal. The ideological and historical disagreement, which has often broken out in practical politics, about what is tactically wisest--standing steadfastly on principle or being pragmatic to the point of being wishy-washy--was quite evident. As one of the party's Folketing members put it, the Liberal Party has "a more anarchistic attitude toward being a government party" than the Conservative Party does. In addition, as a Conservative remarked somewhat caustically, "one cannot belong to both the opposition and the government."

One could ignore the government parties' problems with tackling the unemployment compensation scandal if the case was a unique one. The case itself is one of a kind but the disagreement, which Prime Minister Poul Schluter called "one of a small number of minor skirmishes," seems to be latent. Thus in the past week there have been contradictory statements from various groups about a political intervention in the contract negotiations, linking these negotiations with a debate on tax reform, the hybrid cable network agreement and whether a number of job training programs should be moved from Conservative Grethe Fenger Moller's Labor Ministry to Liberal Bertel Haarder's Education Ministry.

There are many explanations, often contradictory, of the tendencies toward rivalry between the Conservatives and the Liberals. The difference in mentality is mentioned by many and in that context it is not unimportant that after last January's election the Conservatives have almost twice as many seats as the Liberals. "It has never been easy to be a Liberal when we are doing well," said a Conservative who added: "Many of us are afraid that the problems will increase the closer we get to the municipal elections. The Liberals are afraid they will lose some of their mayoral posts to us. So they become disloyal, unfortunately."

Liberal politicians reply that the attack by rank-and-file Conservative Folketing members expresses a growing frustration at the fact that Conservative group chairman Knud Ostergaard does not tolerate hitches of any kind. With an atypical combination of poorly-concealed distaste and awe these Liberal politicians talk about the "mild colonel's regime" in the Conservative group. Some Conservatives admit that they are a little frustrated that "the Liberal



politicians can tell all the good stories because we have to be so super-loyal." Lengthy group meetings, most recently on Wednesday, showed that the frustration can develop into a desire for revenge. A Center-Democrat said:

"I no longer dare rule out the possibility that we might be overwhelmed by a government crisis--perhaps as early as this fall."

Prime Minister Poul Schluter told the weekend edition of BERLINGSKE AFTEN that since his first day as head of the government he has placed enormous emphasis on the "unshaken loyalty" of his party colleagues toward all government ministers.

"I do not consider the many small digressions from other quarters to be very important," the prime minister said.

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POLITICAL

DENMARK/GREENLAND

FAVORABLE TERMS FOR EC WITHDRAWAL ATTRIBUTED TO DEFENSE ROLE

Agreement on Fish, EC Grant

Copenhagen BERLINGSKE TIDENDE in Danish 31 Jan 85 p 5

/Article by Kermit Norlund: "Greenland and EC Agree on Fishing"

/Text/ The EC Commission has agreed to have 210 million kroner paid out to the Greenlanders.

BRUSSELS--Two hundred and ten million kroner are now on their way to Greenland to pay for fishing rights for the EC. At the same time, the Greenland home rule representative and the EC reached unanimity yesterday on the wording of the fisheries agreement for 1985.

Greenland has agreed to bring down the maximum allowable cod catch west of Greenland to 25,000 tons, instead of the previously planned 34,000 tons. At the same time, it is presumed that the total stock will work itself up relatively fast to the 50,000-ton level that was promised to the Greenlanders in advance.

It was the EC Commission that requested to have the quota brought down, because it was feared that, if this was not done, the cod stock would never build itself up to 50,000 tons. West German fishermen would then be excluded from fishing for "western codfish."

As a gesture primarily towards the West German fishing fleet, Greenland accepted the proposal that the EC could fish the remainder of its 1984 quota in the course of the next 2 months. The EC will thereby have the opportunity to fish approximately 2,000 tons of cod.

The negotiations came to an end early Wednesday morning, and later in the day the EC Commission took the necessary steps to release the 210 million kroner that Greenland is to have according to the payment agreement, which has now been ratified by all EC member nations.

## Strategic Geographical Position Recognized

Copenhagen INFORMATION in Danish 31 Jan 85 p 8

/Commentary by Lars Toft Rasmussen, correspondent, Ritzau Bureau: "Greenland's Military Significance Yielded Good Treaty With EC: Greenland Leaves EC With a 'Golden Handshake'"

/Text/ Greenland, because of its location--the midpoint along the shortest route between the superpowers--has become a pawn in the power game between East and West. Not only the American military presence on the world's largest island testifies of this, but the withdrawal agreement that Greenland has drawn up with the EC indicates it as well.

When Greenland officially leaves the Common Market on Friday, thereby decreasing the geographical area covered by the organization by more than half, it will almost be accompanied by the proverbial "golden handshake." The diplomats from the EC stated plainly that had it not been for Greenland's role in security matters, the results of the negotiations would not have been so favorable.

"The western European nations have a long-term interest in staying good friends with the nations of the North Atlantic. Security, after all, is far more important than fishing," said one source from the Foreign Ministry in Copenhagen.

"When Greenland presented its request to leave the EC, the immediate reaction among the member nations was one of irritation," our source continued. "The irritation hardly subsided when it turned out to be Denmark who presented the Greenlandic viewpoint. The security policy considerations made it such that the other nations hands were tied; the irritation factor was hardly able to throw the negotiations off the rails."

### Talk in the Corridors

Security policy is outside of the EC's jurisdiction, and was not discussed at the negotiation table. "But it was a theme that was certainly talked about in the corridors during the coffee breaks," one diplomat told use.

Negotiations from the agreement between Greenland/Denmark and the EC were concluded last year, and since then have been approved by the parliaments of all of the EC nations. It gives Greenland's home-rule committee the exclusive right to determine the quotas for the various types of fish, basing them on the recommendations of biological specialists.

Greenland fish products will also be granted duty-free access to the European market. In return, fishermen from the EC may catch up to approximately 125,000 tons of fish annually, by paying 210 million kroner per year to Greenland Home Rule. The funds must be delivered whether the full quota is fished or not.

## Greenlandic Diplomacy

In the international arena, the agreement was received very positively. In the British Parliament, Conservative Foreign Minister Sir Geoffrey Howe had to endure the mocking remarks of Labour MP Robin Cooke, who suggested that the Thatcher government hire Greenlandic diplomats to represent British interests in the EC, since "they had achieved far better results" than Great Britain when it came to getting what they wanted.

The negotiations, however, were not conducted by Greenlandic diplomats, but by Danish ones. The Home Rule Agreement, which went into effect in 1979, does not give Greenland jurisdiction in foreign affairs; nor can the Home Rule Committee carry out an independent defense policy. On Greenland's part, the loyalty of the changing Danish governments towards Greenland, with respect to the EC question, has been highly praised.

Most of all, the EC nations, including Denmark, have seen that Greenland has not forsaken the organization. This is why the negotiations did not get seriously into gear until after the Landsting election in the spring of 1983.

### "Naagga"

By a plebiscite in Denmark in 1972, Greenland was brought into the EC by the Danish votes, even though 70.2 percent of the Greenlanders said "naagga" to membership. The plebiscite held a scant 10 years later showed that the Greenlandic EC opponents had gone down to only 52 percent. There were apparent hopes from the West Germans, among others, that they would lose additional faraway terrain, and that the Greenlandic opposition party Atassut, which was friendly to the EC would come into power.

When this did not happen, and Greenland, with Denmark's full support, threatened unilateral withdrawal, it became obvious for the other side of the Brussels negotiation table that Greenland's request to leave the EC was seriously intended.

If an agreement had not been reached, Greenland would have offered fishing rights for sale. It is probable that the East Germans and the Soviets, among others, would have expressed interest, perhaps with reference to the "historical rights" from the era before the fishing zone was extended to 200 nautical miles in 1977.

A number of prominent Greenlandic politicians were aware that the Western nations would not see it as desirable to have eastern European trawlers fishing in the navigable waters between Canada and Greenland. They knew, then, that they were in possession of a powerful persuasive tool, which should, in any case, be utilized with great care.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

## DISSENT, CRITICISM PLAGUE SPD

### Two Potential Chancellor Candidates

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Jan 85 p 4

[Article by Helmut Herles datelines Bonn 21 Jan 85: "Rau Just Said: It Isn't Defamatory"]

[Text] The question of whether the SPD's candidate for chancellor next time will be Vogel once again or whether the party will select Rau for the first time ever has not yet come up as far as these two SPD deputy chairmen are concerned. For the time being, they are placing their confidence in the good relationship with each other which they have long had and which in fact they continue to enjoy. When Vogel read over the text of Radio Hesse's interview with Rau last weekend, he noted that the interview had been summarized in such a pointed fashion as to make it appear as if Rau wanted to start his campaign against Vogel at an early stage. But what Rau really said was what Vogel himself said repeatedly in the past after getting 38.2 percent of the vote in the 1983 Bundestag election--which was about as much as the SPD could hope to get.

Rau is faced with a dilemma. He is intent on preserving the SPD's absolute majority in North Rhine-Westphalia and does not want to enter a coalition with the Greens. If he does obtain an absolute majority again in the election next May, then he would be prime contender for the chancellorship in 1987--even in Vogel's eyes. On the other hand, it would not do his North Rhine-Westphalian campaign any good, if the voters felt he was merely going through the motions of running for the Duesseldorf post while in reality he had his eye on Bonn. Which is why Rau said in the radio interview: "I can only tell you that I am not running for office in North Rhine-Westphalia in order to have a better chance of being named chancellor candidate; I am running in North Rhine-Westphalia to continue serving this Land as minister president. A great many people are debating the question of who would make the best chancellor candidate. Let me make the following prediction: when the time comes, a few people will sit down together--people like Willy Brandt, Hans-Jochen Vogel, Johannes Rau and a handful more--and they will then have a private exchange of ideas. And that is where and when they will make

their suggestions." He is always being mentioned as a candidate for the chancellorship along with Vogel, Rau said, and he never felt there is "anything wrong" with that. "But I do think it would be wrong for me to go all out for the minister president's job only to try for another job entirely." This also jibes with a statement of Rau's in another part of the interview. "There is every chance in the world that I will stay on as minister president," he said.

In other words, this interview does not provide any fuel for a dispute between Vogel and Rau. But it does show that the jockeying for position to fill the constitutionally odd and in fact non-existent job of SPD chancellor candidate has started far in advance of the actual election just as it did in the days when the CDU/CSU was in the opposition. But that, to be sure, has nothing to do with the two probable candidates themselves. Vogel, in fact, made pretty much the same statement as Rau last December. If the need arose, he said, he would want to have a meeting of the minds with Rau again just as the two men did on two previous occasions.

On one of the occasions Rau was in line to replace Wischniewski as one of party chairman Brandt's deputies along with Helmut Schmidt and the second time was in 1983 when the party selected its standard bearer. "We were faced with such a situation twice before and both times we did not get into a race," Vogel told DMR SPIEGEL on 17 Dec 84. "You may rest assured that we will reach a very friendly and rapid understanding yet once more, if we turn out to be the only two left in contention. But I do not wish to convey the impression as though no one else was in the running." As for Vogel's own ideas on what the party's candidate should be like: "We must nominate that person who has the best chances for success and we will make a judgment on that when the time is ripe. No one has an automatic claim on the position. I have never raised such a claim and I would think more than twice about doing so."

Nonetheless, the little ripples caused by Rau's misinterpreted radio interview give an indication of the difficult time the opposition leader is having. Last fall, Brandt criticized Vogel's style of operation on several occasions. In December, Vogel fought back perceptibly for the first time. In a calm way, just loud enough not to be missed, he put some questions of his own to Brandt, asking where the vitality of the party had gone and how well it was doing its job. These were questions regarding Brandt's style of leadership which had long been repressed.

This counter-thrust of Vogel's also comes out in a document he prepared for the SPD caucus meeting in the Bundestag on Tuesday which calls on the parliamentary group to draw up a midterm balance sheet. Vogel's document is entitled: Continuity and Perspectives for the Future.

In this document, Vogel pays back the party for some of its criticism of the Bundestag fraction such as that it lacks the "ability to campaign" properly; the ability, in other words, to turn substantive and emotional political controversies into nationwide issues on its own. The fraction was also called on to concern itself with the "white spots on the map" which "have once more increased in size over the past few years both geographically and socially speaking." Still another critique was the need to remember that "the SPD does not consist of the Bundestag fraction alone but that a number of other bodies are at least as important--such as the Land governments headed by the social democrats; the Landtag fractions; SPD political leaders at the community level and above all the party itself along with its various working groups." But Vogel and his deputies within the Bundestag fraction, who are making their own plans, are by no means agreed on what the individual goals for the future should be based on and on how the "realistic prospects" are to be announced.

#### Relations with Greens Critiqued

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 23 Jan 85 p 3

[Article by Helmut Herles datelined Bonn 22 Jan 85: "Vogel Asked for Dissent--The Success Might Not Please Him"]

[Text] At the fraction's "identity" debate on Tuesday, members of the former Schmidt government as well as some of the younger deputies such as Brigitte Traupe criticized the stand taken by fraction chairman Vogel and the SPD party leadership vis-a-vis the Greens, calling it not unequivocal enough. Ms Traupe said that "the party as a whole has no sense of direction." It all began with a document entitled "Continuity and Perspectives for the Future" which Vogel had prepared on 14 January. The title was the same one used for Vogel's platform as the SPD's first chancellor candidate since the party's fall from power in Bonn. In the document, Vogel asked that "dissenting arguments and emendations" should be presented to him and this is exactly what former cabinet ministers Haack and Ehrenberg as well as Ms Traupe did at the fraction meeting. Letters by them addressed to Vogel were given to all members of the fraction by that body's executive director Porzner.

What was noteworthy from a political point of view aside from the as yet unsettled relationship between the SPD and the Greens was the fact that Vogel was once more being attacked by his former political cronies of the so-called "Seeheim group." In that sense, then, these issues not only touch on the "identity" of the SPD as a political party but also on that of its own political leaders.

These parliamentarians were supported in their critique by [Annemarie] Renger, the vice president of the Bundestag. In an address in Frankfurt's St. Paul's Church on 15 January, Renger had spoken in memory of Kurt Schumacher, the SPD's first chairman after World War II, and drawn a demarcation line between the SPD and the Greens. "The Greens' attitude toward the democratic process and the state as such, which is diametrically opposed to that of the SPD, does not permit us to join forces with them," Renger said. "The difference between us, which must be underscored with all necessary clarity, is based on the fact that the SPD supports this state which it helped create out of its historical tradition--and that the Greens do not." The Greens, she went on to say, do not look upon representative, parliamentary democracy as a "desirable way of life" but are merely making use of its "theatrical possibilities." It may be considered ironic that SPD chairman Brandt offered some of the same arguments 2 days later--although Ms Renger, joined by social democratic union leaders, had put some searching questions to him at the close of the Schmidt government's term in office with regard to the SPD's "identity" as the party of the industrial age. In an article for BUNTE magazine, Brandt said he considered the Greens "superfluous." The SPD, he added, would come up with better answers than this "grouping." "We are not giving ground to anyone," Brandt said. And that sounded a good deal like a statement by chemical workers union chairman Rappe, who said: "The unions must become the strongest bulwark against the Greens" or by the chairman of the food and hotel workers union Doeding who put it this way: "We must not cut off the branch we are sitting on and risk falling in a dark green hole." It had less to do with Brandt's search for new majorities--on either side of the CDU/CSU.

Many of Vogel's friends would like him to use such straight language. Just prior to the fraction meeting Vogel was saying for example that the time is not yet ripe to make a judgment on whether the Greens are capable of working together with others "like any other fraction" or whether one would have to "forget" them. But, he said, he has grown increasingly doubtful on the matter; the rotation principle in particular bothered him. But Vogel was not speaking of the social democratic stand such as was successfully adopted in North Rhine-Westphalia by Mayor Niggemeier of Datteln, who is spokesman for the mine workers union and chairman of the SPD's Recklinghausen district organization. In a hard battle with the Greens he bucked the regional trend and made valuable points for the SPD. Acting as a kind of "trial balloon" for Brandt, Vogel had written to the members of the SPD fraction: "The existence of the Greens does give us a chance to develop procedures to innovate the system and combat deficiencies in environmental protection; in party financing and in the influence of big business on the political decision-making process. As the great reform party, we must rise to this challenge--either working with the Greens whenever and wherever they present themselves as being open to reality, capable of reaching compromise and agreement and accepting responsibility (as distinct from the doubts which have been on the rise



in the recent past)---or else without them. But in any event [we will be dealing with them] on the basis of a continuing, substantive debate on their own lack of solutions and the counterproductive consequences of their policies which strengthen the conservative camp."

Vogel's critics felt that this might be detrimental to the election campaign of the North Rhine-Westphalian SPD being waged to maintain the absolute majority on behalf of Minister President Rau. Former Labor Minister Ehrenberg also took exception with the fact that Vogel's 12 theses did not assign a clear enough priority status to combating unemployment. He also said he had reservations about giving too much room to the results of various public opinion polls. The better opinion climate toward the end of the year was of "full" advantage to the CDU. (Vogel had reported on more favorable SPD figures for November.) Former Housing Minister Haack also accused Vogel of belittling the seriousness of the true state of the SPD; which was why his arguments were "not helpful." The party's and the fraction's position on national issues, he said, was not clear to the voters. The main reasons for this lack of clarity were the following: "Opportunistic support for fads, trends and movements during the past 2 years without developing an image of our own; a lack of wholehearted endorsement of the SPD governments' foreign and domestic policy achievements which damages our own reputation and makes for a loss of credibility---particularly as a result of our wrong-headed stand vis-a-vis the Greens. His main reason for criticizing Vogel, Haack said, was the latter's attitude toward the Greens. "At the national level," Haack said, "we cannot be partners with the Greens." (Vogel himself generally points to this "on the national level" caveat by asking whether Lower Saxon deputy Rappe, for example, is just as dead set against a Land-wide coalition with the Greens by minister president candidate Schroeder.) Haack, for his part, bases his rejection of a partnership with the Greens on the fact that their "consensus position" on "three central issues" is unacceptable from the SPD point of view. The Greens, he says, want to free-float between East and West and are opposed to the FRG's belonging to the community of values of the free Western democracies. They want to "get out of industrial society" and thereby place both economic stability and social security in jeopardy at the expense of the working population. They have reservations about the basic rules of parliamentary democracy and reject the state's monopoly on violence. "We do not want another kind of republic," Haack says. "We just want one that keeps on improving."

Vogel's critics are in agreement with his basic goals which focus on safeguarding peace; overcoming unemployment; environment issues (making peace with nature); protecting social justice and the liberal credo. They think of themselves as critics and not as rebels.

### Green Accomodation Viewed Differently

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 30 Jan 85 p 12

[Article by Guenter Bannas datelined Bonn in January: "A Lasting Dispute in the SPD---How Does the Party Handle the Greens ?"]

[Text] The Greens and the SPD are both being shaken up by disputes centering on how to deal with one another. The intra-party debates are also founded on uncertainty about how to view the potential partner. The Greens on the Hamburg city council, for example, are having a great time adopting leftwing SPD positions, then to confront the more or less "right-wing" SPD majority on the council with these, thereby giving a hard time to the SPD minority. The upshot of it is that party chairman Trampert and the Greens' Hamburg kingpin Ebermann then take the opportunity to point to the lack of influence of the SPD left wing---which proves that they cannot join forces with the SPD. The Greens in Hesse, on the other hand, are looking to the SPD in southern Hesse, which has been a leftwing SPD stronghold for years. These Greens are in favor of collaboration or even a coalition in Wiesbaden. This is the position held by people like Kerschgens as well as Fischer (a deputy from Frankfurt) in Bonn.

On the SPD side there are uncertainties and tactical reservations vis-a-vis the Greens. Those opposed to collaborating with the Greens in principle are few and far between or rarely raise their voice. Chemical workers union chairman Rappe is one of those SPD politicians who are looking for a clear position. He has introduced ideas regarding a grand coalition with the CDU/CSU or a toleration agreement with the CDU into the debate. Ms Renger, the vice president of the Bundestag, has also come up with some unusually straightforward language of late. "The Greens' attitude toward the democratic process and the state as such, which is diametrically opposed to that of the SPD, does not permit us to join forces with them," Renger said. "The difference between us, which must be underscored with all necessary clarity, is based on the fact that the SPD supports this state which it helped create out of its historical tradition---and that the Greens do not." The Greens, she went on to say, merely wish to make use of parliamentary democracy in order to take advantage of its "theatrical possibilities." "Against this background, it is virtually superfluous whether there is agreement between social democrats and Greens---as there is between social democrats and members of other political parties---on this or that particular issue."

Inside the SPD, such warnings are met with counter-arguments by leaders ranging from party chairman Brandt to fraction chairman Vogel and Lower Saxony minister president Schroeder. Although they all criticize the Greens' present policies and even call the Greens "superfluous," as Brandt has, they know full well that the SPD can only get back into the

government--with whomever as a partner--if it gets stronger but does not lose a single vote to the Greens in the process. "At this time," the SPD chairman said, he could see no way of joining forces with the Greens "at the national level." But then he added: "It is still 2 years until 1987 and then one can have another look at the political situation to see whether there is any way for the SPD and the Greens to get together." Like Schroeder, who recently criticized Rappe for degrading the SPD to the role of a "junior partner" by announcing his support for a toleration agreement with the CDU/CSU, Brandt, too, said he was against such a pact. "The price we paid for establishing a grand coalition was that things started to sprout on both fringes--on the far left and the far right," Brandt said. Boerner agrees with him. An exception is only being made for Apel in Berlin because of the odd nature of the Alternative List. Since that group is opposed to the American presence in the city, the SPD cannot be expected to join forces with it.

There are some differences of opinion at the left end of the SPD spectrum on how to deal with the Greens; but they are, generally speaking, of a tactical nature. The main question is what the Land organization of the Greens is like. There were Bundestag deputies from Hesse, for example, who felt that the Greens should be allowed to have a "taste of success" whereby the "Realpolitik" wing led by Kerschgens might be strengthened as against the "fundamentalists" and the red-and-green coalition at the Wiesbaden level could be preserved. Saarland SPD candidate Lafontaine thinks differently. In that Land, the Greens are weaker and politically inexperienced. The party organization lags behind and just barely makes the 5-percent limit whereas the national party is hovering around 10 percent according to the latest polls. Thus, Lafontaine feels the right thing is to go for an absolute majority and he is using his invitation to the Greens to join him in a responsible coalition as a tactical maneuver to help him attain that end. Lafontaine both expected and wanted the Greens to fight among themselves over how to respond to the invitation. This was meant to show that there was no way of working together with them and that, under the circumstances, it was the better part of wisdom to vote for the SPD.

Schroeder, the SPD's 1986 candidate for minister president of Lower Saxony, fully agrees with Lafontaine tactical move although he himself has opted for a different strategy. If he were in Lafontaine's shoes, he would do exactly the same thing, he says. "It is absolutely perfect!" But in Lower Saxony, the SPD is far away from an absolute majority and the Greens can count on about eight percent of the vote. For another thing, the Greens, led by Lippelt and Neddermeyer, have had one legislative session's worth of parliamentary experience and they command a large number of seats on town and city councils. Thus, Schroeder is preparing for somewhat closer cooperation with them but is avoiding any stipulation that the Greens must stand ready to assume ministerial posts in case such cooperation does take place. One possible way to get around

this problem, he says, might be to have the Greens name non-partisan personalities who might become members of an SPD cabinet. In the public eye, these individuals might then be figured as part of the SPD contingent.

It seems that Schroeder also has learned a lesson from Hesse Minister President Boerner's experiences with the Greens. Constant infighting with the coalition partner, constant uncertainty and unending rounds of negotiations are not suited, he feels, to gain the confidence of the voters or the respect of his own party. Schroeder therefore set two conditions. First, there would have to be "cooperation for the full four years based on a binding agreement" and secondly, that cooperation would only come about, if the Realpolitik wing of the Greens in Lower Saxony maintained the upper hand over the fundamentalists. Both of these demands leave the door open for tactical maneuvering.

North Rhine-Westphalian Minister President Rau is hoping for an absolute majority--and this, too, is in keeping with the state of the Greens in that Land. The Greens' Land organization is the biggest in the country, numbering 7,000 members, but internally it is not on a firm footing. The most capable individuals became part of the Bundestag fraction--either as deputies, junior administrators or staff members. The remaining activists among the North Rhine-Westphalian Greens are occupying the seats the party recently won in town and city council elections. But the Land party congresses provided little in the way of a political direction and many of the disputes came about not so much because of political differences as because of the ineptitude of the individuals involved.

The lowest common denominator of the SPD attitude toward the Greens was contained in a duplicitous statement by SPD fraction chairman Vogel, which the party's left wing was prepared to subscribe to. [We will work] "with the Greens whenever and wherever they present themselves as being open to reality, capable of reaching compromise and agreement and accepting responsibility (as distinct from the doubts which have been on the rise in the recent past)--or else without them. In any event," Vogel added, we will continue to have "constant, substantive exchanges" with them. Vogel's statements are supported by Brandt's and as for Schroeder, he feels that his own strategy is being repeated: to wait and see how the Greens develop; whether politicians like Schily and Fischer manage to carry the day as against the "fundamentalists" and whether the Hamburg ecological socialists Trampert and Ebermann cancel their pact with the fundamentalists which has lost a great deal of credibility inside the party. Schroeder feels he has a right to claim that he developed this particular strategy at a rather early stage--and that he is skillfully and cleverly promoting his party career in the process is a fact which has not remained unobserved by SPD general manager Glotz.

### Unions Criticize SPD Tactics

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Feb 85 p 4

[Article signed "L. B." datelined Duesseldorf 31 Jan 85: "Criticism from the DGB About the SPD After Two Years as an Opposition Party"]

[Text] Since the change of government, the SPD has not succeeded in gaining the "political offensive." The party does not have "courage for the future" in the way exemplified by former chancellor Schmidt. Nor does it have any "exciting ideas" and, with the exception of North Rhine-Westphalian minister president Rau, it does not have any "leaders accepted by the general public." These theses are contained in a position paper being circulated inside the DGB which takes issue with the state of the SPD at the end of the first half of the Bonn legislative session from the point of view of the labor unions. The position paper was authored by DGB executive board member Bleicher, who also is a member of the SPD's labor union council.

Insofar as the SPD has tried over the past several years to appeal to new groups of voters within the so-called peace movement, it has failed. The agreement between Moscow and Washington to hold a new round of talks on arms limitation and disarmament is being viewed by many members of the working population as an indication that the peace movement was "not on target," the position paper holds. As far as the environmental policy issue is concerned, however, the Greens have been "gaining a lot of ground" among important groups of voters even though their political ideas are unrealistic. Bleicher voices concern over the fact that the political debate about new techniques might relegate both the SPD and the labor unions to playing a negative role. For another thing, the SPD has made the mistake of permitting itself to be drawn into a fruitless debate about possible coalitions or at least toleration agreements with the Greens.

To be sure, the Kohl government's policies have been accompanied by a "cold wind of poverty;" but the SPD and the labor unions must take note of the fact that this has not resulted in any "political eruptions" by any means. "The capacity for suffering by the labor force, the unemployed and the lower income groups" has been underestimated, Bleicher states. Under normal conditions one would have had to expect a political outcry but the fact is that the reaction has been a "more or less prevalent paralysis in the face of a supposed social act of fate." Bleicher's paper states that this year's Landtag elections in Berlin, the Saarland and North Rhine-Westphalia will be decided on social and economic policy issues. For this reason, the SPD should again turn more of its attention to the basic needs of the working population. The SPD will only be able to win any of these elections, if it succeeds in "getting our party's core constituency, i.e. industrial labor and labor generally to vote."

In conclusion, Bleicher's paper states that the SPD must develop a convincing program aimed at a gradual reduction of unemployment and make it clear that the future of social security hinges on the success of this program. That is the way to mobilize the working population. Voters outside these groups can be won by coupling the labor and environment issues more closely. Without mentioning SPD opposition leader by name, the paper warns the party of "putting on a sullen, sour face" and presenting the public with "nothing but doomsday scenarios."

9478

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POLITICAL

FINLAND

## COMMUNIST PARTY'S MINORITY WING NEWSPAPER ON GROWING RIFT

### 'Aalto Group' Reveals Goals

Helsinki TIEDONANTAJA in Finnish 29 Jan 85 p 2

[Editorial: "Rightwing Group Reveals Itself"]

[Text] The meeting of the SKP [Finnish Communist Party] Central Committee held over the weekend revealed ever more clearly that the rightwing group which holds power in the party is suffering from moral as well as intellectual and political bankruptcy.

It is no longer necessary to prove verbosely that Arvo Aalto's group represents a distinct minority and narrow clique within the SKP. Through its own deeds the group convincingly exposes itself as precisely the kind of petty junta which acts against the membership.

It was disclosed that Aalto's group did not dare to accede to the demand--based on the rules--for a unifying extraordinary party congress for which preparations would be made by listening to the membership's opinions and for which the delegates would be chosen in conformity with laws and regulations. The rightwing group hastily established new puppet district organizations, thereby artificially strengthening its own positions and making it impossible for district organizations conforming to the rules to participate in the party congress put together for the purpose of dissolution.

The Aalto group made its next self-revelation by disregarding the eight district organizations' withdrawal of their original party congress initiative and likewise by rejecting a demand--based on the rules--for the convocation of delegates to a 20th party congress. And not just this. Other, more sweeping proposals were also made to the rightwing group; their aim was to prevent a disruptive extraordinary party congress, take a timeout [to discuss tactics] and bring about a unifying party congress by listening to the membership. These proposals were rejected, too.

No authentic party majority, especially a majority which takes into account the interests of the entire party, would have had any sensible reason for rejecting these proposals, refusing to listen to the membership's opinions and preventing

the democratic and collective discussion of issues fraught with consequences for the party. Only a narrow clique indifferent to the party's interests behaves in this way.

The newest self-revelations are linked to the rule change proposals which were up for consideration in the Central Committee. Making the convocation of an extraordinary party congress more difficult so that--after establishment of the disruptive district organizations and by establishing additional ones according to need--it would in practice be impossible to oppose the will of the ruling Aalto junta is unprecedented in its undemocratic spirit at a time when, with communists in the vanguard, we should be fighting for the expansion of democracy. The proposal according to which the Central Committee would obtain the right to dissolve basic district organizations is in the same class.

The purpose of each proposal is to concentrate power in the Aalto group, weaken the rights of party organizations and members, and aid in the party's dissolution. Each proposal indicates in a harsh way the moral impasse of the Aalto group. In order to maintain its power and prevent implementation of the membership's will, the group also resorts to tampering with the rules. This kind of "insurance for all occasions" is not needed, of course, by a genuine majority but rather by a clique which works against the party and the overwhelming majority of the party people.

Why has the Aalto group been driven so far on the road of self-revelation? Undoubtedly because the consistent activity of the partisan Marxist-Leninist forces on behalf of the party and party unity and against dissolution has forced the rightwing group into it. The rightwing group as well as external opponents of the party have waited for those who support the SKP to abandon the struggle for the SKP. Attempts have also been made to provoke those on the side of the SKP. But when provocation did not bring results, Aalto and associates have gradually been compelled to reveal themselves more clearly as a small minority which fears participatory democracy and the membership and as a junta gang which deliberately divides the party.

The self-revelations of the Aalto group must now be laid before all the party members and the workers.

#### Minority to Strengthen Paper

Helsinki TIEDONANTAJA in Finnish 1 Feb 85 p 2

[Editorial: "Forward!"]

[Text] The decisions made Wednesday by the SKP organizations that publish TIEDONANTAJA have brought pleasure to all those who consider the causes championed by TIEDONANTAJA legitimate. The decisions came as an unpleasant surprise to the various rightwing elements which for 15 years have managed to bear a grudge against TIEDONANTAJA, disdain it and foster hopes for its demise.

This kind of dual attitude toward TIEDONANTAJA has prevailed during the newspaper's entire existence. It should be that way, too. It would be alarming if



the workers and other progressive persons did not rejoice in TIEDONANTAJA's success and if big capital, the conservatives and the SKP disruptionists did not consider it a bad thing.

It is natural that TIEDONANTAJA's renovation, invigoration and expansion became central in the decisions made Wednesday for improving the work of communists who follow the SKP line. Even Lenin thoroughly demonstrated the central importance of a communist newspaper. The practical experience of the SKP as well as brother parties has indicated the same.

The need for improving the communist newspaper is underscored by the flareup and complicatedness of the intellectual battle over awareness and by expansion of the mechanism for molding information and consciousness. Imperialism, the middle class and its reformist terminals in the labor movement have in recent times invested heavily in facilities for molding information and consciousness and also in the press. The revolutionary labor movement's main response to this is the development of its own press.

The struggle to save the SKP and the counterattack on dissolution also involve--over and beyond so-called organizational work and the gathering of partisan communists--the bold pursuit of the masses, defending the workers' interests, making the SKP's intellectual and political line widely known, opening eyes and increasing awareness. Invigoration of the communist newspaper is therefore central from this standpoint as well.

When we speak of TIEDONANTAJA's renovation and improvement, content is decisive, of course. How to make the newspaper into a more effective communist workingman's paper which, above all due to its content, is unique and irreplaceable. Technical reforms, an increase in the number of pages and raising the level of journalists must serve the content.

12327

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POLITICAL

FINLAND

# FOREIGN MINISTRY REPORTS ON AID FUNDS, NEW ENVOY SYSTEM

Helsinki HUFVUDSTADSBLADET in Swedish 5 Feb 85 p 7

[Article: "Foreign Ministry Plan of Action: Foreign Aid to Increase 300 Million in 1986"]

[Text] Foreign aid will be gradually increased so that Finland will reach the level of 0.7 percent of GNP in 1989. The situation of diplomats' wives will be improved by setting up a separate pension account for them.

A system of roving ambassadors will be introduced and treatment for alcoholics and a system for directing foreign service personnel to treatment. These points and others are contained in the Foreign Ministry's activities and economy plan for the period 1986-1990. The ministry recommends that foreign aid next year be increased by 300 million marks over this year's level, to a total of 1.6 billion marks. If this recommendation is carried out Finland's foreign aid next year will rise to 0.47 percent of GNP compared with 0.40 percent this year.

The Foreign Ministry based its calculations on the GNP growing by three percent per year.

## Old Aid Principles Followed

The relationship between multilateral and bilateral aid will be retained as before. That means that 40 percent of aid resources will be directed toward multilateral aid. The principal recipients for bilateral aid according to the plan will be Egypt, Kenya, Zambia, Sri Lanka, Tanzania and Vietnam. The plan does not call for any new representation abroad during the period under consideration. On the other hand some existing missions will be strengthened, especially in Southeast Asia. This year the mission in Seoul, South Korea will receive embassy status. Next year it will be Bangkok's turn. Later during the planning period the missions in Kuala Lumpur and Singapore will follow.

## Problem With Wives

A central problem within the Foreign Ministry's personnel administration is the situation of the diplomats' wives. Therefore a separate pension account

is being established for the wives of diplomats at the beginning of the planning period.

Pensions from the account will supplement the normal pensions, and the size of the pensions will be determined by the fees deposited in the account and the length of the sojourns abroad.

The ministry is also considering raising allowances for embassy entertainment costs in the homes of ambassadors.

#### Savings Measures

The Foreign Ministry is trying to extend the tours of duty at home and abroad. In that way state funds will be saved. Furthermore the ministry wants other government offices to adopt a more positive attitude toward leave for wives of officials who serve abroad. The ministry believes that the upper limit for leave without pay should be raised from 6 to 12 years. They also want the availability system to be expanded so that it includes extraordinary employees.

#### Roving Ambassadors

In certain countries it is intended to place roving ambassadors who are accredited in Helsinki. One or two roving ambassadors will be appointed next year.

Concerning the treatment of foreign service personnel with so-called personal problems, the plan states that a system for directing such personnel into treatment is being developed. New directives about treatment are now being worked out and will be presented before the plan period begins.

#### To the Harbor Barracks

Most of the Foreign Ministry will move to the Harbor Barracks on Skatudden during the period 1986-1988. The Division of Development Cooperation and the Foreign Ministry Press and Cultural Center will not, however, move to the barracks.

The Foreign Ministry's appropriation for construction will rise during the 5-year period to fully 330 million marks. Among other things, new embassy spaces will be built in Moscow for 20 million marks. Construction work will start next year.

#### More Lively for Political Division

The Foreign Ministry predicts that its Political Division will have more tasks due to the more lively international contacts. Among other things, the ministry says that the increased bilateral contacts with countries outside Europe should be watched. The plan recommends that a new post for an assistant head of the Political Division be established next year.

Other organizational plans call for the establishment of a bureau for promoting exports in the Commercial Policy Division, and the reorganization of the Press and Cultural Center so that it will be a special division within the Foreign Ministry.

The Legal Division is steadily acquiring more tasks because of the increasing number of international agreements, according to the plan. Neither the Ministry of Finance nor the cabinet have as yet taken a position on the Foreign Ministry's plan for the period 1986-1990.

9287

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POLITICAL

FRANCE

# DUMAS POLICY CHANGES ON IRAN, IRAQ EXAMINED

Paris LIBERATION in French 19 Feb 85 pp 18-19

[Article by Jose Garcon: "France Cautiously Looks Toward Iran"]

[Text] Is the French Government currently seeking to renew friendly relations with Iran and hence moderate its highly conspicuous engagement alongside of Iraq, an involvement which has often seemed to be a quasi state of war against the Islamic Republic?

Since early this year, this question has caused a stir within Arab countries of the Persian Gulf. The situation has been aggravated by France's astounding official silence on the issue, a silence which has given free rein to all sorts of speculation. Admittedly the Iraqis have not restrained themselves from dramatizing the situation. In early January, they launched a sensationally blatant publicity campaign on the theme "France is changing its policy." This whole affair was prompted by France's refusal during the past few weeks to deliver as many arms--and particularly as many Exocet missiles--as Iraq wanted.

Was this refusal politically motivated? Not entirely. The 2-year old dispute over payment for construction of the Baghdad airport is not extraneous to France's dilatory attitude toward shipment of all the desired weaponry. Paris is demanding a definitive settlement of the airport contract. The latter was the only contract whose payment France refused to defer in its 1983 agreement on rescheduling the Iraqi debt. Although, according to some sources, the Iraqis have been making "a major settlement effort" in the past month, such was not previously the case. While nobody has any thought of disputing France's military cooperation with Baghdad, this mini-crisis over civilian cooperation is not altogether simple. The fact is that the French Government now wants to reduce Iraq's civilian debt in an effort to decrease France's financial involvement in Iraq. That involvement has reached such proportions that some persons readily refer to France's "dependence" on Baghdad.

Even though this economic problem is very real, it could have allowed France to "mark time" in its relations with Iraq in order to begin restoring balance to its relations with Iran. At any rate, one thing is certain despite all official denials: there is currently sharp disagreement within the French Government between advocates of a readjustment in favor of Iran and supporters of the continuation of "an Iraqi policy that ensures good relations with the Gulf states."

The evolving domestic situation in Tehran, and paradoxically the growing strength of Iraq--which now receives American and Soviet support, and has formed a united front with Jordan and Egypt--have revived an old debate within France's foreign policy establishment. Back in the fall of 1982, the chief of state approved delivery of Super Etendard [military aircraft] to Iraq, thereby ruling in favor of Claude Cheysson and against Jacques Delors and Jean-Pierre Chevenement who felt that France was going too far in its support of Iraq.

Although nobody currently questions France's support of Iraq in its war with Iran, relations with Tehran are, nevertheless, at the very heart of the present debate. The French Government fully realizes that the Islamic regime is now well-entrenched in Iran where the struggle for Khomeyni's succession is already under way. Consequently the government firmly intends "to adapt itself to the situation as everyone else--FRG, Japan, Great Britain--has already done." This intention is bolstered by the realization that "since Iraq is no longer in danger, the time has come to look toward Iran."

Actually, everything is happening as if Paris wanted henceforth to make a distinction between its attitude in the Iranian-Iraqi conflict and its relations with Iran. France can hardly withdraw its support of Baghdad, assistance which has remained one of the main lines of its Middle East policy since the government of Jacques Chirac. Especially as French socialists have some very down-to-earth reasons for not breaking with "what they inherited."

The election of a socialist president likely to form an alliance with the communists--and suspected moreover of being unqualifiedly pro-Israeli--had triggered a now well-remembered flight of Arab capital from France. This had made the new government understand that it could reassure the Arabs by supporting Iraq in its war with Iran. This "Arab commitment" was no doubt also the only way of making Francois Mitterrand's desired rapprochement with Israel "acceptable" to countries of the region. The political resolve to strengthen Iraq, "the sole barrier to an Islamic wave that would destabilize the entire region," had then done the rest.

Supporters of a pro-Iraqi policy, who look askance at France "losing all of its stakes" in that country, explained: "Some 5 years of war have transformed the Iraqi Army into a superequipped and supertrained force that will become the foremost Arab army after the war. Furthermore, with a weakening Syria, Iraq will be the region's major country, once the war is out of the way." Considerations of a political nature are no less important. In this regard, the Gulf states would not dream of taking Great Britain, Japan, or the FRG to task for their profitable economic relations with Iran. On the other hand, these same Arab states act as the uncompromising and supercilious guardians of France's strictest orthodoxy in such matters. Francois Mitterrand, Laurent Fabius, and Roland Dumas were able to learn this for themselves during Saudi Prince Abdallah's recent visit to Paris. Indeed, the prince insisted that France continue "to firmly support" Iraq, "both politically and militarily." He even went so far as to recommend that France back Massud Radjavi, the leader of the Iranian mojahedin. All of this explains why Paris still considers that "the continuity of our Iraqi policy remains our principal asset in the region."

Yet this does not keep several French officials from acknowledging that it is now time "to change our tune" and refer to Iraq with less bombast so that we can renew a minimum of relations with "that great country" Iran. It is common knowledge that the problem of the war is reaching the maturation point in Tehran where it has become a political issue. Up to now, the mullahs had connected their regime's survival to prosecution of the war. Will some of them venture to no longer make this connection and thus draw the appropriate inferences from the fact that the war is getting nowhere? The aforementioned French officials also contend that "at a time when this turning point is close at hand and the question of Khomeyni's succession is very much in the news, France must not be absent from Iran. And to do this, we need to have a minimum capability of dialoguing with Iran."

Roland Dumas' appointment as minister of external affairs has speeded up things. Although he has kept silent about this issue--even with members of his staff--he is known to consider Iran as "a partner that exists" and to view this question as one of "fundamental" importance. He notes, that Iran has "only economic partners"--Japan, Great Britain, and the FRG--and wonders about "the possibility of making it a political partner." Bolstered by its good relations with Iraq while at the same time trying to bridge its difficulties with Tehran, France is patently aspiring to become an interlocutor of two belligerents.

Roland Dumas has been meeting regularly with Iranian emissaries ever since his arrival at the Quai d'Orsay [Ministry of External Affairs]. Francois de Grossouvre, a long-standing advisor to Francois Mitterrand, also maintains relations with some Iranians, especially through his Syrian connections. In addition, French representatives maintain contacts with their Iranian counterparts in different countries.

But Iranian preconditions to "normalization" of relations with Paris are not easily met. Tehran's official demands include: release of all members of the commando implicated in the attempted assassination of Chapur Bakhtiar, reduction of arms shipments to Iraq, expulsion of the principal Iranian opposition leaders now refugeed in France, and settlement of the Eurodif case [Eurodif: French-led European group which built a gaseous diffusion uranium enrichment plant in France and in which Iran had a 10 percent interest]. In reality, Tehran's sole sine qua non is settlement of the Eurodif issue. Unfortunately Iran's refundable investment in Eurodif has now climbed, with interest, to the prohibitive sum of \$1.5 billion. And it is difficult to see how France can agree to repay part of this debt by supplying Iran with the weaponry it wants. Nevertheless, negotiations on the Eurodif settlement did resume recently.

In the meantime, Paris has for sometime now refrained from any polemics against Iran which has followed suit. Indeed the celebration of the Iranian revolution's sixth anniversary was marked by the total absence, for the first time, of any Iranians chanting such slogans as "Death to France" and "Death to Mitterrand."

The recent relaxation of security measures around Massud Radjavi's residence in Auvers-sur-Oise was unquestionably appreciated in Tehran. Even though the number of gendarmes assigned to protect the leader of the Iranian Resistance Council had been reduced for purely "technical" reasons--6,000 gendarmes were needed in New Caledonia--this reduction was, nevertheless, interpreted by Iran as a gesture of good will. We have learned from another source that some French businessmen have recently been returning to Iran.

The rapidity with which relations are normalized will depend above all on the way Iran's internal situation develops. It is still very difficult, in fact, to interpret the signals emanating from Tehran, and even harder to rely on them. Up to now, each overture made to France by Iranian "moderates" has been followed by a provocation from the "radicals." For instance, Sadegh Tabatabai's meeting with Roland Dumas last summer was made public by those Iranians who wanted to sabotage any possible rapprochement with France. As one French diplomat explained: "Any preliminary discussion with Tehran constitutes a gift to the most radical Iranians who would use it to prove that the more France was threatened, the more it became afraid and was impelled to make concessions."

Although there are some who consider this phase as past, the bitterness of the power struggle among leaders of the Islamic Republic makes any contact dubious. "You say you are prepared to serve as intermediary with Iran. But with whom in Iran? Is someone really capable of enforcing a decision in that country?" Such was substantially Francois Mitterrand's response to Hafiz al-Assad's plea in favor of Iran during the French president's visit to Syria last November.

The breakdown of business negotiations with Air France in early January shows how difficult it is to bring talks with the Islamic Republic to a successful conclusion. Air France's application for a second regular weekly Paris-Tehran flight was rebuffed just as negotiations were about to achieve success. Iranians made a point of telling Air France officials that the negotiations had been aborted for "political reasons."

Persons close to Foreign Minister Roland Dumas argue that "channels of communication with Iran must be kept open with a view to Khomeyni's succession. And this has to be done even though the prevailing political uncertainty in that country precludes establishment of a policy at the moment." These same persons contend that "gradual settlement" of matters in dispute is the best way of maintaining a dialog that is already well underway. This is obviously a most delicate task. In fact, how can France renew relations with Ayatollah Khomeyni's government without losing everything it has staked on Iraq and without alienating the Gulf states? This attempt to square the circle accounts for the prudence--and silence--surrounding this whole issue.

8041

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POLITICAL

FRANCE

#### PCF ENCOUNTERS REGIONAL RESISTANCE TO RESOLUTION

Paris LE MONDE in French 23 Jan 85 p 7

[Article by Patrick Jarreau]

[Text] The debates of the section conferences and of the first federal conferences of the Communist Party, throughout last weekend, reveal a contrasting reality. Passed unanimously or almost unanimously in some departments, occasionally with armaments, the adoption of the draft resolution drawn up by the party's leadership has taken on, elsewhere, an unusual aspect for the PCF [French Communist Party], since a large number of abstentions and negative votes were cast. In all, as L'HUMANITE of Monday 21 January indicated, 90 percent of the delegates to the 30 federal conferences which met have approved the draft resolution, 7 percent among them having voted negatively and 3 percent abstaining.

The 10 percent of those voting who showed no confidence in the leadership or who opposed it, is at once both a little and a lot. Georges Marchais and his friends can take pride in a very broad support compared to the democratic norms and their control of the congress does not seem to be contested. If we compare the weekend's votes to the electoral decline experienced by the PCF last June, we can consider that the upheaval provoked by this result has been effectively absorbed by the leadership, or, if one prefers, that the latter has been able to respond to the questions which were raised, among the militants and the cadres, by the persistent decrease of communist influence.

However, the level of disagreement within the party seems all the greater since it is endured by the leadership. The latter had chosen a unanimous congress, not only in its debates and its final votes (which is no longer certain), but, also, in its preparatory phase, with the exception of a few cells, even a few sections. By comparison, the draft resolution of the last congress (the 24th, which met in February 1982) had been approved by 20,189 delegates to the federal conferences out of 20,514, or 98.41 percent (86 cells out of 27,541 and 5 sections out of 3,090 had rejected the text).

This proportion is not found again, this year, in the votes of the 30 first federal conferences, since the average of 10 percent of negative votes and abstentions must be assessed taking into account the fact that it associates

some departments which are very united around the leadership and others which are more divided. Finally, the resistance encountered by the leadership at the level of the federal conferences is the result of a triple screening, first of all, of the whole of the members, who do not all participate in the cell meetings; then, in the choice of those who are delegates to the section conferences; finally, from section conferences to federal conferences.

From Lorraine to Roussillon

The indications gathered from various sources, with the help of LE MONDE's correspondents, show that the effort made by the party's leadership and hierarchy to help "pass" the positions adopted last summer and last fall is having an unparalleled success and that the methods adopted to achieve this have not been the same everywhere, the place given over to amendments having varied.

In the Bas-Rhin, for instance, where the federal conference approved the draft resolution unanimously by its some 70 delegates, 14 amendments were adopted. These, according to Francis Wurtz, a representative to the European Assembly and member of the central committee of the PCF, "do not in any way contradict its orientation but enrich the text." Wurtz specified, however, that "unanimity was not to be taken for granted," which leads us to think that having recourse to the amendment was perhaps not a mere formality.

Among the departments where the draft resolution was adopted without any really noteworthy opposition are the Correze, where 150 delegates expressed a unanimous vote; the Vosges, where the draft was approved by 70 votes out of 72, with 2 abstentions; the Ardennes, where 2 negative votes were counted out of approximately 90; the Savoie, which gave 90 votes to the leadership, with 4 abstentions; the Pas-de-Calais, where, out of 440 delegates, 5 negative votes and 13 abstentions could be counted. In the latter department, the draft resolution was adopted unanimously by 70 section conferences, by a majority by 9 other conferences, with 1 section conference (LE MONDE, 17 January) rejecting it.

These few examples show that the federations where the leadership's positions are the most accepted are located among the departments with a settlement which is marginal (the Bas-Rhin) or dense (the Pas-de-Calais or the Correze), in the North as in the South. The massive vote of the Pas-de-Calais contrasts, for instance, with the more difficult situation in the nearby Nord where the federal conference has not yet met.

Geographic parallels appear, however, quite distinctly. The region of Lyon shows a marked resistance to the party leadership. In the Loire, in the presence of Charles Fiterman, the draft resolution was adopted by 169 delegates, with only 6 negative votes, but there were 36 abstentions (the federal conference also learned, without any political explanation having been given for this change, that Joseph Sanguedolce, former mayor of Saint-Etienne, will be replaced, in the central committee, by Philippe Rimbaud, deputy mayor of Roanne). In the Ardeche, out of 113 delegates, 12 voted against the draft resolution and 9 others abstained. In the Ain, 77 delegates voted in favor, 6 voted against and 6 others abstained.

The results of these federal conferences were corroborated, in this region, by those of the section conferences in the Isere and, especially, in the Rhone, where abstentions and negative votes were numerous, this week as last week. This was the case, in particular, in several local or plant sections in Lyon, as well as in Vaulx-en Velin (whose mayor is a communist) and in Villeurbanne. This situation explains perhaps in part the rumors which implicate Mme Francette Lazard, a member of the political bureau, which "follows" this region.

This mistrust towards the leadership is also concentrated in a part of the Languedoc-Roussillon. The Herault federal conference adopted the draft resolution by 206 votes against 15, with 14 abstentions, the extent of the negative votes and of the abstentions having been limited, it seems, only thanks to the acceptance of basic amendments. In the neighboring Pyrenees-Orientales, where the federal conference has not yet met, several section conferences (Ceret and Thuir, in particular) have confirmed the existence of noticeable disagreements.

In the East, where the Meurthe-et-Moselle federation continues to pose serious problems for the party leadership, the Moselle federal conference recorded 13 percent of the votes as negative and 7 percent as abstentions. On the other hand, in the Marne, the draft resolution was approved by 91 percent of the delegates, 9 percent of them having abstained.

Around the Haute-Vienne, another federation which is difficult for the party leadership, mistrust towards the latter materialized in the votes of the two federal conferences. The one in the Creuse gave 48 votes for the draft resolution and 15 against, with 17 abstentions. In the Charente, 83 delegates voted in favor but 39 others abstained, among them Andre Soury, deputy. Fifteen amendments were adopted, among them several demand more democracy in the functioning of the PCF.

The party leadership clashes therefore with a sizeable resistance, which expresses itself also in the Paris region, as several section conferences have demonstrated. In the capital, the proportion of negative votes and abstentions stays around 25 to 30 percent of the delegates to these conferences. The case of the Seine-Saint-Denis is even more problematic for the communist leaders, who were counting on the federal officials to guarantee them a no-fuss congress. Now, after the Montreuil one, the Aubervilliers section recorded in turn a strong proportion (30 percent approximately) of negative votes and abstentions. In Saint-Denis, the abstentions and the negative votes represented 20 percent of the delegates and Pierre Zarka, deputy, was not elected without difficulty, to the section committee, by secret ballot.

The whole of these results makes us foresee a congress which will be less unanimous than ordinarily. Several departments, indeed will send to Saint-Ouen delegations which include militants who have voted negatively or abstained on the draft resolution. Some of these delegates should, logically, express themselves on the rostrum.

8956

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POLITICAL

FRANCE

JOSPIN ON MODERNIZATION OF INDUSTRY; OPPOSITION PARTIES

Paris L'UNITE in French 14 Dec 84 pp 3-5

[Interview with Lionel Jospin, first secretary of the Socialist Party, by Jean-Pierre Bedei: "We Should Realize that it is with the PS as it is that We Will Have To Face 1986"; date and place not given]

[Text] As the central element of government policy, modernization will be the theme of the Socialist Party [PS] convention which will be held this weekend at Evry (Essonne). Launched in the fall, this initiative is based on a questionnaire sent to the party sections. In spite of a rather short time for preparation and organization, 2,000 sections or one third of the total number responded, providing a base for a draft resolution presented unanimously by the executive committee.

This text was the object of four amendments submitted to a vote and presented by the AGIRS [expansion unknown] movement, as well as of a contribution by CERES [Center for Socialist Studies, Research and Education] which was not put to a vote. Next it went back down in the direction of the rank and file, to be discussed at federation conventions which were largely held last weekend. Hence it is a vast debate which has been established in the PS, and which is expected to continue on Saturday and Sunday at Evry with participation by numerous ministers and officials of the PS.

This convention is expected to go beyond its original framework to allow the government to develop its policy and to allow the Socialist Party to specify its future prospects, and to ask questions about itself by drawing its lessons from government practice. Two statements are expected to dominate the debates: those by Laurent Fabius and Lionel Jospin. At the congress of Bourg-en-Bresse, Laurent Fabius already wondered: "Is socialism modern?" After becoming prime minister he did not fail to reaffirm forcefully the principles he defended at the time: "It is a matter of systematically preparing the future through science and industry, not out of some kind of concern for modernism which would not make any

sense, but because being behind in industry creates economic and political dependence."

For him the future will also come through a new concept of the state which the socialists are doing their best to put into place, as well as relations with the Third World, the stake in modernization on a planetary scale. He would also provide a cultural dimension to this project by insisting on the "sharing of knowledge." Finally, while calling for a drawing together, Laurent Fabius would be very firm within the framework of today's political combat, and pick up some of the themes he touched on at the Leo-Lagrange Federation Congress last Sunday: defense of the social gains recorded since 1981, of leftist values, and denunciation of the influence of the extreme right on the right.

In the interview he granted us, Lionel Jospin defined modernization and recalled the mobilization of the Socialist Party. At a time when part of the leftwing electorate has doubts, he reaffirmed the identity of socialists in 1984, challenged the notion of "abandonment" or "treason" which they have been accused of. He recognized the shortcomings of the socialists in power and explained how to remedy them with the prospect of the 1986 elections in mind. An overview of the political situation at an important moment in the life of the PS.

Question: What definition of the concept of "modernization" will emerge from the convention of Evry?

Lionel Jospin: Modernization is not a new idea. Remember your history texts: modern times began in the 16th century. The whole history of European society is the history of modernization.

Question: Well then, if it is not a new idea, why take it up again?

Jospin: Because modernization, a historical theme, is coming back forcefully in the news because of its economic dimension.

The conjunction of three elements explains this phenomenon. First of all, for about 10 years we have been witnessing a new thrust in scientific and technological progress which has a very strong impact on the economy, on power relationships at the international level and on employment. In addition, there is a world crisis, and in this crisis lies a threat of decline for Europe. Hence a feeling of fear of modernization, which is so readily accepted during years of growth.

Finally, the fact that the problem of the modernization of our production apparatus is coming up today is due to the fact that France has gotten behind over the last 10 years, and specifically during the last 7 years of rightist administration. Hence, we have to recoup this lag.

Question: But why a PS convention on that theme?

Jospin: I proposed it for two reasons. The first one is that the party, its militants needed to have a discussion. I preferred for them to do this on one of the main elements of government policy rather than on an academic theme. The second reason is that this question of modernization needs to be clarified for public opinion. Between the PC [Communist Party] which approves of it in words but denies it in deeds, the employers and the right which see it only as a pretext for dismissals and for challenging social legislation, and with and for the government which has to manage the contradictory realities of modernization from day to day, it was essential that the Socialist Party should take time to think and, if necessary, to make proposals. That is what we are doing.

Question: What are the differences in your opinion between modernization by the left and industrial restructuring by the right?

Jospin: The right does not see modernization as a global project for society as a whole, but as a means to adjust a certain number of branches of industry to the conditions in the world market. Hence it gives priority to restructuring by sector in order to ensure profits. For that it is ready to proceed with the necessary adjustments: it concentrates, it liquidates, it dismisses. The project of the left is to guide French society as a whole around values and a model accepted by the national community, to pose the problem of modernization of the French economy and of its confrontation with other economies.

Question: Modernization or restructuring, what difference does it make to the wage earner who suffers the immediate effects of one or the other, that is to say dismissal?

Jospin: It is true that dismissal is often much more an indication of modernization not carried out than proof of modernization in progress. The fact that they dismiss people does not mean that they are modernizing. When technological reforms have not been carried out, the modes of management have not changed, the qualifications of the workers have not improved -- which is the case specifically at Talbot -- then dismissals take place. We want to remind you that surplus personnel, which we admit may well exist here or there, are conceivable only in the margin. We want to show that modernization operates in other areas besides the abolition of jobs. Specifically, in the modes of management, in inventiveness and aggressiveness with regard to exports, in new labor relations within the enterprise, in new management methods, in the capacity to create new products, in the integration of research with economic progress, and not solely in the old method of "cutting out the fat."

Question: The text which will be discussed at the convention also takes into account the numerous concerns which arise from the socialist rank and file and which touch on the problems of society. Which ones seem most significant to you?

Jospin: The militants are very well aware of the fact that it is not only the industrial machinery which must be changed, but also elements which accompany production such as social relations in the enterprises, or the way to live life

in the city. For them, the phenomenon of modernization does not run solely through the production lines but also through minds.

As a matter of fact, we must have a broad vision of these problems. It would be paradoxical, if not shocking, to pose the problem of modernization in developed societies without saying that modern technology does not allow us to be effective enough to solve the problem of famine in Ethiopia. Modernization also means the modernization of the planet, that of rural structures and of food production. Otherwise we ourselves run the risk of living the problems of a minority while passing by those of the world.

Question: One of the goals of this convention also is to remobilize a party which is far from having achieved the objective it had set for itself at Bourgen-Bresse: that of reconquering public opinion.

Jospin: You should not identify the mobilization of the party, which is real and is located at the usual level outside of election periods, with the reconquering of public opinion. It is true that the latter is the concern of the party but also of the government. The party is mobilized. It is engaged in the "Facing Up To" campaign which explains our policy. It is mobilized for the convention: all the sections have held debates and in addition, one-third of them have provided their point of view in writing. One-third of the sections, that is a rather exceptional rate. The Socialist Party is the only party capable of conducting this internal discussion by questioning its own militants and, on the other hand, of obtaining such a result from a questionnaire.

Question: But doesn't the negative perception by public opinion of the work accomplished by the government prove that the PS did not fully play its role of relaying the government action?

Jospin: We inevitably have a share of responsibility. But it would be unfair to think that the party's share of responsibility is essential.

Question: Today, the rank and file and the socialist electorate are somewhat troubled, disoriented. What does it mean to be a socialist at the end of the year 1984?

Jospin: To be a socialist today is to be an actor in a historical movement which has been one of the most permanent and of the most deeply rooted in French society for the last two centuries. As against someone like Jacques Toubon, who allowed himself to declare that "socialist ideas are not French," we must recall that for Proudhon, Saint-Simon, Guesde, Jaures, Blum, with the mass of the militants, of the elected officials who have led the worker struggles or in a broader sense the political action for democracy and justice, socialism was an integral part of our society. It existed long before the birth of Gaullism and will survive long after Gaullism has been liquidated by those who are supposed to be its heirs.

Socialism is also governmental action over more than 3 years. Everything is not perfect, and apparently the voters are letting us know that. We came to power in the middle of a crisis, in the middle of difficulties. We have

implemented reforms: the nationalizations, decentralization, social progress (fifth week of paid vacation, retirement at the age of 60, Auroux laws). This action must be continued during the year and a half that separates us from 1986, in order to regain our electorate and be in the best possible position to face the deadline. It must be based on the ideas of justice and equality, even if it means keeping them alive through new challenges. Finally, to be a socialist today is to recognize oneself in the Socialist Party, to be active in it or to vote for it. I am well placed, as I am running it, to know that it is an imperfect instrument. Let us improve it collectively. But we must realize that it is with the party as it is, without any miraculous attainment of a state of perfection, that we will have to face 1986. The Socialist Party occupies a decisive place in the arena of French politics. And any new leftist progress will go through it.

As a matter of fact, to the extent that the Communist Party, through its leadership, has renounced government responsibilities, to the extent that it remains attached to an old model of internal organization, of discussion, of democracy and to an old international model, it is in the process of missing its new rendezvous with history and with the labor world. Thus, it is by rallying around the PS that ideas of social liberty, equality and freedom can be advanced.

Question: What are, in your opinion, the main success and the main failure of the left since it came to power?

Jospin: The big success of the left is to have started demonstrating that it was possible for the socialists and the left to come to power and to assume responsibilities in full, specifically economic ones. We have proven that we were not just an opposition party, but that we can be a party of management and of government. The contradiction is that for the moment this economic realism has led to disenchantment among part of the leftist forces. But if we look at things no longer in terms of polls or immediate popularity, but in historical terms -- in a history which, as a matter of fact, is in the process of being lived -- I believe that that would be the most important success.

Our greatest failure? We, who were carried to power by the working people, who represent those social strata, we were not able in fact to retain the support of this popular base as a whole. However, it is the decisive question for 1986. Faced with the demagoguery of the right, we were not able to speak in a way which appealed sufficiently to people. On a certain number of issues our language has sometimes been a little too intellectual and did not penetrate all of public opinion enough. That is my regret today. But we can alter that yet between now and 1986.

Question: You hear a great deal of talk about abandonment, treason on the part of the socialists. What have they lost since they came to power?

Jospin: Basically, we have not renounced our values. Simply, some people judge us on the basis of caricatures. When we assume a certain number of realities, we are accused of treason. When we reaffirm our principles, we are accused of hardening the tone or of returning to outdated sectarian notions.



In fact, we are trying hard to affirm our values while keeping the realities in mind. The problem we face relative to public opinion, especially on the left, is not the abandonment of values but the inadequate effectiveness of the policies we have conducted, particularly in the area of unemployment. But in that area, I am waiting for the miracle workers.

Question: How can this shortcoming be resolved between now and 1986?

Jospin: As far as economic policy is concerned, time may help us there. In a year and a half, the struggle to restore the major balances may progress. But it is essential for us to make real progress also in a major area: employment. The TUC [expansion unknown] are a step in this direction. But I think that we will have to make a massive effort in order to obtain tangible results by 1986. Aside from that, if we want to regain greater confidence among some of the working people who are currently seeking refuge in abstention, we will have to -- within our financial constraints -- shift our policy on several points in order to take into account a certain number of concerns of those people. Real measures and significant gestures will be needed between now and 1986 in order to change the level of support of those social categories.

Question: More specifically in what areas?

Jospin: Fiscal matters, the unemployed who have run out of entitlement, security. In short, a certain number of major concrete questions which concern the people.

Question: You have stated that if the right were to reconquer power it would erase all the gains made since the liberation. Francois Mitterrand in turn says that the right could not eliminate the reforms implemented since 1981. Aren't those two judgements contradictory?

Jospin: Those contradictions are not those of the socialists; they do not contrast the speech made by the president of the republic with the one made by the first secretary of the PS; they take into account the speeches made by the opposition. The right is wavering. At times it turns reasonable and calm, declaring that it would not touch the positive social measures implemented by the left, even if it is not afraid to contradict itself by stating that those same measures have unsettled the economy. At other times it turns dogmatic and vengeful and flaunts a clearly reactionary program. I have a greater tendency to believe it in the second case than in the first.

Question: Do you think that the renewal of the leadership of the RPR [Rally for the Republic] with the arrival of young cadres grouped around Jacques Toubon, some of whom have partly appreciated the leftist reforms, will be such as to modify the political debate and the RPR rhetoric?

Jospin: What characterizes the team change is not Seguin's stool, but Toubon's armchair. The rejuvenation of the RPR symbolically marks a change of generation, leading to a break with the Gaullist values of 1945. The new team owes its political present and future only to Chirac. Its references to Gaullism are purely a formality. Its ideas are politically authoritarian and repressive, economically ultraliberal, and socially unrealistic.

Question: Do you feel that the proposals and the attitude of the right in the New Caledonia affair are unrealistic?

Jospin: It is fortunate that the left is in power! Because with the left we may hope for a negotiated political settlement for New Caledonia. If the right were in power and were to fit its action to its rhetoric, it would already have started a small colonial war. In my recent statements to the National Assembly, I wanted to throw light on the difficulties and the means to face a situation of decolonization which is not traditional, because the people who pose the problem are in the minority in their own country. I think that it was up to the Socialist Party to do it.

Question: What do you think of the superficial "a-politicism" and contempt of the parties flaunted by Raymond Barre, which make it possible for him to find a broad popularity among a fraction of public opinion which is increasingly hostile to political rhetoric and practice.

Jospin: Today many people express some disappointment with regard to the political action and rhetoric. Even though that is rather unfair. Raymond Barre feathers his nest through criticism of the parties -- an ancient temptation in France -- and flaunts as a virtue the fact that he does not have a program. He enjoys, paradoxically but temporarily, a popularity which is symmetrical to this attitude of rejection of promises or commitments. It is a largely psychological phenomenon. I am not sure that he has a determining impact on the future of politics in France. At the present time Barre is playing a Gaullist personality. But a person cannot simply be a de Gaulle because he wants to or whenever he wants to. De Gaulle was the product of a very specific history. Mr Barre will have to make known his proposals one day. He will also inevitably be faced with the problem of support from a political formation. At that moment he will become a crisis factor on the right. And he will stop hovering in the sky of the polls.

Question: While the workers have been asked to make numerous sacrifices since 1981, do you think that the employers have also made a great deal of efforts to combat the crisis?

Jospin: French employers are a problem, and not just for the left. It is logical that they would feel more at ease with a rightwing government. The problem they pose for France goes beyond the left/right cleavage. After all they invested rather less under either Chirac or Barre than they invested under Mitterrand. We do not have an entrepreneurial class which is sufficiently bold. If a certain number of our employers were to put as much imagination into conquering markets or modernizing their management as they put into avoiding taxes or into controlling the workers of their enterprises, the French economy would be better off. Some of the employers need a good modernization. The proposals on "flexibility" made by the CNPF [National Council of French Employers] to the unions constitute historical nonsense and can be summarized in a single conviction: to go forward at the economic level you have to go backward at the social level.

Question: What do you think about those negotiations on flexibility?

Jospin: For the moment they are a failure. I think that it is proper for the government not to settle by decree that which the unions did not accept.

Question: Over the last few weeks, the left seems to have hardened its rhetoric. Shouldn't they have started earlier to remobilize their electorate? Wasn't the debate on the reduction of tension a false debate which caused loss of time?

Jospin: I don't think that the left has hardened its rhetoric. But from the moment when the press developed the theme of abandonment of socialism and when, for a few weeks, a certain neutrality of government rhetoric was underlined, observers presented the reassertion of our identity as socialists -- including by the government -- as a hardening. In fact, it really was a reminder of our identity.

Question: How are you going to win the 1986 elections with a union of the left broken up by the PC?

Jospin: Currently, the PC is guilty of fundamental nonsense. With its orientations it is pushing the leftwing electorate, and thus also its own, into a negative vote or abstention. But, if it wants to obtain the right result it must return to the workers a feeling of confidence and prospects. It will not be able to do this through abstract and long term rhetoric about a new "majority people's rally," that nobody can see how to do. To give confidence back can be done only after taking into account the existence of a leftist government in France. I can understand that the leadership of the PC criticizes this government and proposes changes in its policy. But with the strategy of breaking off developed by the PC, on purely negative themes developed by Georges Marchais at the "Mutualite," the workers it influences will conclude that you cannot get ahead with the left. The PC will do a disservice to the left and a disservice to itself.

Hence, the rally will take place around the PS. Its score in 1986 will make it possible to determine the future. If it is adequate, it will be possible to continue to advance; if it is good, it will drag along the communists and the leaders of the PC.

Question: Is it because of this analysis that the socialists do not respond to the daily attacks made by the PC against the PS and the president of the republic?

Jospin: The PC doesn't give the impression of a force which has confidence in itself. And its leaders do not seem any more self-confident. As for the criticism of personal power, coming from where it does, it is not without humor. I regret those excessive criticisms. They are often perceived as a defensive action by a political group which has become weakened and whose leadership is challenged. In the current debate the PC often seems to me more preoccupied with itself than with the problems of French society. This is why I don't get involved in those internal debates, even though I follow them.

Question: To remobilize the left is a primary objective for 1986 but won't it also be indispensable to rally the electorate in the center? How can you hold those two fronts?

Jospin: I am not sure that it will be possible to put little flags on the "electoral territories." And I don't know whether there is a centrist electorate in the precise sense of the word. I think that we will obtain a majority if hundreds of thousands of people who exist individually and not collectively, who motivate themselves at the time of voting and who are not currently leaning toward us, believe that it would be better, given the effort achieved and in spite of the difficulties, to go on with the socialists rather than entrust their fate to leaders of the right who are likely to completely disrupt the economic and social balance of France. By making those people realize the direction of our action, the threat to society represented by a right wing considerably influenced by the theories of Le Pen while making new proposals for the new legislature, we will be able to rally those who are hesitating and win the 1986 elections.

Question: Could you define the outlines of the new contract which the socialists will propose to the country in 1986?

Jospin: That "new contract" will have to unify two rhetorics and two practices: the rhetoric of before 1981 and the shifts which took place after 1981, with the practice of before 1986 and that which we will propose for after 1986. It is up to the party, within the framework of a congress which in my opinion will be held in the fall of 1985, to propose this new contract with which we will have to move through 1986. We have been accused of having had a rhetoric before 1981 and a practice after 1981. The 1985 congress and the 1986 campaign will be very important to the socialists because what they will have to propose will have to be credible given what they have done since they have come to power: at the same time what they propose will have to go beyond what their practice has been up to 1986. This rendezvous of the party with itself in 1985 will be very important, not only because of the deadline but also because never before in the last century has a socialist congress been held in France after 5 years of experience in the government. As far as socialist theory and action are concerned, this will be the first real government congress. More important than Valence, which was a high mass which failed, and than Bourg-en-Bresse, which was a useful congress as it preserved the unity of the socialists, but was a defensive congress. The 1985 congress in turn will have to be offensive, while being the congress of the synthesis of socialist theory and governmental practice. But you are making me speculate far too much. For the moment, let us content ourselves with having a successful convention on "modernization" and "social progress."

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POLITICAL

FRANCE

LACAZE NOTES DANGER FROM DOM-TOM TERRORIST SEPARATISTS

Paris LE FIGARO MAGAZINE in French 19 Jan 85 p 94

[Text] What will be the military threat to France in the year 2000? In his talk before the academy of Moral and Political Sciences, Gen Jeannou Lacaze, chief of staff of the armed forces, answered that: "It is not for me to comment on the political future of our overseas departments and territories. The main threat which needs to be taken into account seems to me to be that of an internal destabilization supported by terrorist or guerrilla actions. The situation in New Caledonia constitutes an example to be considered. We must pay particular attention to it, because the Pacific center for nuclear testing in Mururoa, the Kourou space center in Guiana, are absolutely essential to the maintenance of our technological level and therefore to the coherence of our defense system. It should be emphasized that the space future of Europe is to a great extent dependent on Kourou. To question the status of our territories or of our departments in that area could force France into an increased and prolonged air-land and naval deployment in the two theaters..."

"With all the caution required by the prospect of an exercise of this nature," General Lacaze estimates that the principal military threat against France by the year 2000 is located outside of Europe. According to him, the threat in Europe will in all likelihood be of the same magnitude but very different qualitatively, because of the technological competition between East and West (so-called "intelligent" weapons, the possible militarization of space...) and of the Soviet Union's development of chemical weapons: "In Europe," General Lacaze says, "the probability of any military aggression will no doubt remain small, because of nuclear deterrents..."

For a European Pillar

Outside of Europe, on the other hand, "the temptation for the Soviet Union to gain direct access to the warm water seas and to acquire bases for its large ocean fleets will probably continue, leading it to displace towards the third world the field of action of its confrontation with the powers of the free world. The placing in service, in the nineties, of real aircraft-carriers, equivalent to those of the American fleet, will reinforce considerably its offensive capabilities." For the chief of staff of the armed forces, the global threat, which is very dependent on geographic constraints, will be dependent on the number and geographic positions of the bases and bases of operations which the Soviet Union will have kept, or been able to acquire, between now and the end of the century....

General Lacaze's conclusion, taking into account the "profound disruption of the demographic map of the world which we must expect: outside of Europe, in the areas of vital importance for the free world, the indirect confrontation between the two super-powers will continue through intermediary countries and be all the more intense since the latter will dispose of more effective weapons, without excluding the recourse to chemical, even nuclear weapons."

The chief of staff of the armed forces calls the European countries to an "increased and concerted effort to defend their patrimony," and he hopes for "the constitution of a European pillar of defense of the free world...." For the time being, to confront the new threats, it is important for the European states to intensify their military cooperation, in particular in the field of new technologies and the utilization of space...That is the path which France has chosen to implement its systems of future weapons.

8956

CSO: 3519/167

POLITICAL

FRANCE

## UNIONS REJECT EMPLOYMENT FLEXIBILITY AGREEMENTS

### Triple Refusal Stuns Negotiators

Paris LE MONDE in French 22 Dec 84 pp 1, 21

[Article by Michel Noblecourt]

[Text] Rank and file opposition has driven the labor unions to reject the agreement concluded with the CNPF [National Council of French Employers] on flexibility of working conditions.

The contract policy will not chalk up any points for employment flexibility at the end of this year of 1984. It has just suffered a serious defeat. Contrary to the expectations of even the negotiators, on 21 December the FO [Workers Force], the CFTC [French Confederation of Christian Workers] and the CFDT [French Democratic Confederation of Labor] announced that "under the circumstances" they would not sign the agreement on "flexibility of working conditions" with the CNPF. The latter had expected to obtain three signatures.

It got only that of the CGC [General Confederation of Managerial Personnel], which finds itself in a very awkward situation. Its national secretary, Mr Jean-Louis Mandinaud, has in fact just justified their signing it by writing: "To be a union capable of assuming its responsibilities or not. To be a trade union movement that knows how to adapt to its times or not. This was the choice that was offered us...."

Mr Henri Kasucki apparently had every reason to rejoice over the decision of three of his partners since as recently as 20 December in a lengthy statement he begged them not to accept this "sucker's deal" and this "evil blow," adding: "We don't want to be the only confederation to have said no to the unacceptable. We hope that others will do the same." The secretary general of the CGT [General Confederation of Labor] was listened to, even if his union colleagues' reasons for refusing to sign are very different. For the FO and the CFDT they are attributable to a number of internal agonies and a veritable hesitation waltz.

At the outset the FO had refused to offer an opinion, but Mr Andre Bergeron appeared to be more favorably inclined to a version that would permit them to

strengthen the contract policy. At any rate, he was of the opinion that it was not "as dangerous" as it was claimed to be and he wanted to oppose CGT pressures. The chief negotiator, Mr Antoine Faesch, had even asserted that "the interests of the wage-earners were well protected in" this draft of the agreement. After consulting with his organizations, Mr Bergeron at the time chose to assume a position on 21 December. But in the face of rising opposition up to and including the confederation bureau, the decision was postponed until 11 January after a meeting of the executive committee.

A new about-face on 20 December: At a meeting with the confederation bureau the FO federations unanimously declared themselves to be opposed to the wording of the agreement, there being only a few defenders of the section on technological changes. "From the preamble to the end, there are things that are absolutely unacceptable," a federation leader confided to us.

### It's Theological

Consequently, the federations hoped that the FO would declare itself to be against the agreement without waiting for 11 January. So, on 21 December Mr Bergeron announced that the confederation bureau would "unanimously" recommend that its executive committee not sign the agreement: "We have done everything we can. This involves the labor code. Our members won't have it. It's theological. I can't go over the heads of the members. We're a democratic organization." Actually, the FO decision follows a certain logic. From the start Mr Bergeron has not concealed his scepticism. The recent FO congress had displayed an extremely firm position in, for example, noting with regard to specialized labor that legal protection, on the whole insufficient, was at a minimum. Moreover, the very conception of this version of the agreement drove the FO against its nature toward a new definition of the labor movement's role. But the secretary general's attachment to a contract policy that he felt was giving way under his feet induced him to seek a compromise.

The CFTC's opposition is less surprising since as of 16 December it seemed to have the most reservations among the four potential signatories. On 21 December Mr Jean Bornard, the chairman of the Christian federation, announced its refusal to sign following the meeting of the day before of a special federation council which by a vote of 34 to zero judged the agreement to be "unacceptable under the circumstances." While feeling that it is not "possible to hang on to all the jobs that have been acquired as a matter of principle" and recognizing "certain positive aspects," like the changes, the CFTC was of the opinion that there is "no sure prospect of a positive balance for employment." It has declared itself ready to resume negotiations and has warned the government "against any decision to modify labor legislation which would be reached without waiting for an agreement between the social partners."

Since the FO and the CFTC said no, it became all the more impossible for the CFDT to sign because it had constantly indicated that there would be an agreement involving four trade unions or no agreement at all. But in this too, internal tensions resulted in precipitating events without waiting for the 26 December date planned for the reply. The national bureau's "positive judgment"



(rendered with 22 for, 9 against and 3 abstentions) committed not only the negotiators, but Mr Edmond Maire and the entire executive committee despite the differences of opinion that may have been voiced in its midst. Now this position ran up against strong internal opposition coming primarily from the regions (particularly Alsace, Lorraine, Burgundy and Rhone-Alpes), but also from big federations like the Chemical Federation, which is not, however, marked by disagreement with the general orientation of the confederation.

This sudden increase in grumbling a few months before a confederation congress that was already promising to be a difficult one induced Mr Maire to step up the movement by assuming a position which represented a real embarrassment. In a statement on 21 December Mr Maire indicated that the consultation in progress had played up "the positive nature" of the first three items (technological changes, duration and planning of working hours, dismissal procedures), but also the "unacceptable" nature of the last two items (thresholds and specialized labor). Consequently, on 26 December he proposed to his national bureau "a hypothesis leading to the adoption of the three items as is and to a proposal that the CNPF renegotiate the last two items." Since the agreement constitutes an integrated whole, the CFDT had to refuse to sign it.

This series of refusals brings to mind the 1980 scenario when an agreement on the number of working hours was just about to be signed. The difference is that some confederation administrations were less committed at that time. In 1984 it was certainly pressure, strong pressure, from the rank and file, which seems to have been right about the union managements' wanting to sign. A rank and file that wanted to express its concern over the apparent questioning of certain social gains in favor of a change in union behavior for which it is no doubt not ready. The gains made in control over technological changes and number of working hours -- the annualization of time being tied to "a reduction in the number of hours per year" -- have been swept away by a general reflex of conservatism. It is a return to square one.

The triple refusal of 21 December will obviously have many consequences. The FO, the CFDT and the CFTC will retain a bitter taste of failure even if they preserve their unity in the immediate future. The CGT will be comforted in a hostility it has displayed from the start. At the same time it has been deprived of a target -- "the four signatories" -- and will therefore no longer be able to claim to be the sole authentic defender of the wage-earners in the domain of labor. This is for the CNPF too a serious defeat that will cause it to think about the growing importance of the FO, a development it rejoiced over in 1983. Having given the impression that it had gone all the way in making concessions, it cannot lose face by accepting a renegotiation -- also contemplated by the FO -- not even if it were a partial one. Thus placed in a difficult position, Mr Chotard can only -- with the CGC? -- turn to the government. But the latter will be running a big political risk by intervening against the judgment of four unions out of five at a time when the proposals it has drafted do not go as far as the draft agreement does. The contract policy is again in a bad way. At Renault the general agreement on employment has been rejected by the CGT and the CFDT while the CGC and the CSL [expansion unknown] have decided to sign it. The other unions are discussing the matter.

## CFDT Joins Others

Paris LE MONDE in French 28 Dec 84 pp 1, 26

[Article by Alain Lebaube: "Employment Flexibility: The CFDT's Refusal"]

[Text] The confederation rejects the agreement, but hopes to resume discussion of it.

Only a week ago the 27 December promised to be an exceptional date for the CNPF and the CGPME [General Confederation of Small and Medium-Sized Businesses], the two employer organizations that expected to see the FO, the CFDT and the CGC — and why not the CFTC? — on that day accept the draft agreement laid down on the morning of 16 December following negotiations on employment flexibility. It was in fact on 27 December that the labor organizations were to make known their final position. The meeting did not take place. The CFDT merely confirmed, during a press conference, the refusal to sign that its confederation bureau, which had met the day before, had decided on.

Coming after the FO's rejection, then that of the CFTC on 21 December and the bluntly negative statement of the CFDT executive committee on the same day, the decision was explained by Mr Edmond Maire on the 27 December. The latter put an end, at least temporarily, to a hope cherished for months by the employers and encouraged by the government, both of which were hoping for the success of the contract policy in this very delicate domain.

Paradoxically, it is therefore up to the labor organization that had displayed the greatest audacity in this matter to confirm the defeat and to draw from it conclusions that can only annoy it. Having done so, even though it had issued a "favorable judgment" on 16 December and had largely justified its pledge the day after, the national bureau of the CFDT refuses to acknowledge that it has just "reversed its judgment."

They are alleged to have declared themselves to be in favor of the rejection by a large majority and not even to have experienced any "problems of conscience." At most they admit that the reactions, not so much those of the rank and file, but of intermediate-echelon members, are behind this sudden reversal.

Moreover, this reversal was made necessary by the attitude assumed by the FO. "If we hadn't," they noted, "we would have had to bear the brunt of the agreement alone in the companies."

Embarrassed, the CFDT is, however, trying to get out of this unanticipated difficulty by proposing to the CNPF to, if not reopen negotiations, at least "resume discussion issue by issue" to improve the draft agreement. Basing itself on the negative judgment with regard to the last two points in the draft — dealing with employment levels and specialized labor — which caused the biggest stir in its midst, the national bureau hopes that a new examination of the whole business will be undertaken in a form to be specified.

Will the CNPF grab this pole that is being extended to it at a time when the FO and the CFTC have, for their part, also declared themselves to be in favor of the resumption of negotiations on other points under dispute? If we are to believe the CFDT, everything depends on the attitude of the government, quite silent for the moment. Mr Fabius and Mr Debarre would have to "hold fast" and refuse to be willing to satisfy the employers by resorting to legislative channels, in other respects very perilous for a government of the Left confronted with the refusal of all the labor organizations for various reasons. Convinced of the necessity of successfully implementing the contract policy (at least for some of its directors), the CNPF too appears to be very attentive to the slightest signs of any development that may still be possible in the labor camp. For nearly a week now the employers have taken care not to make the slightest statement and are avoiding committing the irreparable.

On Avenue Pierre-Premier-de-Serbie they admit that "our partners have difficulties" and they appear to be quite determined not to start anything in a situation that is so confused. They are even willing to criticize themselves by acknowledging that they had been "perhaps a bit too" successful in the negotiations. While what was at stake in the lengthy negotiations was a change of attitudes, they realize that "there are still some unwieldy aspects" and that they must no doubt wait for "everything to ripen."

Imperceptibly, the CNPF seems to be getting ready to make a gesture, provided it becomes aware of overtures from the labor unions. Discussions and at the very least meetings are becoming plausible and it would not be surprising if, in the days to come, we were to be witness to attempts at rapprochement. Which would relieve the government, the four unions (FO, CFDT, CGC, CFTC) and the employers.

11,466

CSO: 3519/147

POLITICAL

FRANCE

BRIEFS

CHEVENEMENT, CASTRO IN NICARAGUA--Jean-Pierre Chevenement and Fidel Castro attended the inauguration of "Moscow's man," President Daniel Ortega, in the presence of many Soviet generals. The Frenchman and the Cuban are said to have promised their hosts they would intensify their arms shipments, while a fleet of Russian cargo ships continues to unload offensive war equipment in Nicaraguan ports. [Text] [Paris LE FIGARO MAGAZINE in French 19 Jan 85 p 94] 8956

CSO: 3519/167

POLITICAL

GREECE

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ISRAELI OFFER TO ASSIST GREEK GOVERNMENT IN CYPRUS ISSUE

Athens PONDIKI in Greek 8 Feb 85 pp 12-13

/Text/ The two pieces of news are altogether different and yet they are somehow "tied together" and they lead to ...peculiar conclusions.

News item number one: Israel has offered its "good services" to Greece over the Cyprus issue! How? Last week a secret telegram arrived in Athens signed by our ambassador to the United Nations, namely Mr Doundas, an old and good Cyprus hand.

So, Doundas informed his superiors that he had received the visit of an Israeli colleague, namely the Israeli representative at the United Nations. The latter started out by saying that he was happy over the fact that in 1984 Greece had considerably improved its position vis-a-vis Israel in the UN General Assembly compared to the previous 2 years. He stressed that Tel Aviv appreciated this very much. He then suddenly made his proposal.

Greece should look at the "agenda" of the UN General Assembly issues (September 1985) with a favorable outlook on those issue affecting Israel and his country (in exchange) would offer assistance in the development of the Cyprus issue so long as Israel could "exercise influence" on the Americans through its all-powerful lobby....

In other words, Israel is undertaking its first involvement in the Cyprus issue and it is very difficult for us to believe that it is being done without there being some prior "informing" of Washington.

In the past, in the first post-war years, the Israelis had shown intense interest in Cyprus and in certain other Greek islands, such as Rhodes. At the Ministry of Foreign Affairs they still remember those Tel Aviv maps that showed Cyprus and Rhodes as "Israeli islands!"

Now, when Israel is playing a big role in the Middle East and when we are on the eve of rearrangements in the "spheres of influence" in the Middle East, we are curious to learn what answer Athens gave (or will give) to the Israeli proposal....

News item number two: So that you will not think that the government hides only Sterns' visits to the prime minister and reveals them only when the newspapers have caught up, we are informing you about another little visit that was not announced.

On 21 January, an Israeli delegation, headed by an ambassador who is competent in EEC affairs, came to Athens to see Pangalos. The rendezvous was not so easy an affair because our people did not want that meeting too much (since the delegation was not headed by a deputy minister), but the Israelis insisted that they wanted to see any political official and they finally succeeded!

The discussion was not over Greek-Israeli relations but Israeli-EEC relations.

In short, the Israelis, who have a preferential agreement with the EEC, are concerned over what will happen now when Spain and Portugal are entering the European Community since their products are the same as theirs. This is so because when Spain and Portugal were not yet in the EEC, the EEC could show preference to Israeli products, but now that they are in the EEC that tune will not be an easy one to continue, of course.

For that reason the Israelis started going to EEC countries to exert pressure -- and you can be sure that they succeeded in something. (Besides, they are in the Euro-vision system and they are playing basketball in the European tournament...)

What has been our position? We do not know but we can say what it is with our eyes closed: i.e. as an EEC country we cannot prefer their products over those of Spain and Portugal because then we are calling for the breakup of the European Community. But if the EEC decides to sign some other new preferential agreement with Israel Greece will not be the one to "veto" it!

5671

CSO: 3521/180

POLITICAL

GREECE

CENTRIST PERSONALITIES JOIN ND

Athens I KATHIMERINI in Greek 7 Feb 85 p 1

[Text] 28 officials of the Liberal Party joined the New Democracy in a joint declaration, responding in this way to the contents of the official opposition party's recent manifesto. Meanwhile, information transpired last night that Mr. N. Venizelos had been in touch with PASOK officials.

The 28 Liberals, who enrolled in the ND through a joint declaration, claim that the ND "manifesto" expresses and is a continuation of the values and traditions of Greek liberalism "and unites all Greeks without exception in an honorable and democratic struggle so we can ensure, all of us together, the future of our homeland."

The signers are the following:

1. Agesilaeus Spiliakos, former deputy minister of finance, lawyer; 2. Kimon Makris, academic; 3. Emmanuel Kontoyannis, doctor, former president of the ISA [Athens Medical Association]; 4. Nikos Grigoriadis, theatrical producer; 5. Lambros Kostantaras, businessman, Athens politician; 6. Georgia Keramidas, psychologist; 7. Dimitris Nezeritis, economist; 8. Dimitris Goudzouris, syndicalist farmer; 9. Ilias Batavanis, lawyer; 10. Antonis Panayotopoulos, former OSE [Socialist Revolutionary Organization] deputy; 11. Yannis Drosopoulos, lawyer; 12. Yorgos Papadopoulos, electrician; 13. Lazaros Tsilingiris, journalist, writer; 14. Mikhalis Anagnostopoulos, farmer; 15. Panayiotis Lembesis, doctor; 16. Spyros Matarangas, businessman; 17. Kostas Kouvopoulos, municipal councillor in Aghia Paraskevi; 18. Kostas Adamidis, former OTE [Greek Telecommunications Organization] director; 19. Mikhalis Papageorgiou, lawyer.

For obvious reasons, the names of nine officials who hold civil service positions have been omitted.

12278  
CSO: 3521/169

POLITICAL

GREECE

KKE REPLY TO PASOK OVERTURES TO MOSCOW

KKE Statement

Athens I KATHIMERINI in Greek 16 Feb 85 p 1

[Text] "The government's struggle on two fronts is becoming an open attack against the KKE," states the announcement of the plenum of the KKE Central Committee, published yesterday. The KKE chose the very day after Prime Minister Papandreou's return from the Soviet capital to launch its harshest attack against the government, accusing it of dictatorial acts and of allowing police violence.

The announcement asks the workers to intensify their struggle for the solution of their economic and social problems, a request that is considered indicative of the intensification of strike activity. According to the KKE statement, the electoral law and the issue of the presidency clearly show that the PASOK leadership's policy is now restricted to the framework of the administration of the present dependent monopolistic state and to the two-party system. This is a conservative turn of the government's policy on all fronts, accompanied by demonstrations of dictatorial tendencies and by police violence. In the KKE's view, this policy does not affect the "power of the monopolies and foreign dependence."

Furthermore, the KKE Central Committee calls on all the workers, the partisans of change, those who oppose the falsification of the electoral system, those who are seeking a different road toward genuine change to defeat through their struggle and their vote the imposition of the two-party game. Finally, the Central Committee calls on all its members and all its followers to turn more decisively to the exacerbated economic and social problems of the people and of the youth, who are being lied to by the demagogic two-party confrontation.



Athens I KATHIMERINI in Greek 16 Feb 85 p 1



3 Αρχίζουν τα έργα του «μετρό». (Τῆς Βάσως Χρυσικάκη)

KEY:

1. So Tikhonov turns to me and says: "We shall build your Metro!"
2. Strikes
3. "Metro" construction is beginning (By Vaso Khrysikakis)

CSO: 3521/177

POLITICAL

GREECE

PASOK CHOICES: PRO'S, CON'S OF KARAMANLIS ELECTION

Athens TA NEA in Greek 10 Feb 85 p 5

[Article by G. Fatsis: "PASOK Faces Karamanlis Election"]

[Excerpts] The prime minister has already made his choice--even if, understandably, he had not revealed it--about the person he will nominate for president of the Republic.

However, there are already problems among the PASOK organs, which have been communicated to Mr Papandreou, who has weighed the "pro's" and "con's" of the remarks-proposals presented to him.

Basically, these refer to the candidacy of Mr Karamanlis. The following arguments are propounded in regard to the "pro's".

First: In view of the coming elections, the PASOK should not open a new front by creating a "presidential issue."

Second: The settlement of this issue through a vote for Mr Karamanlis would have favorable repercussions among conservative voters.

Third, Mr Karamanlis' election (especially with the PASOK vote) essentially places him "beyond the field" where the political confrontation between the PASOK and the ND will occur during the next elections. Under the opposite circumstances, his intervention is surely to be expected, and it could only be for the ND (of which, moreover, he is the founder.)

Fourth: In the course of the three-and-a-half years of PASOK rule, Mr Karamanlis did not obstruct the implementation of the government's policies. His interventions (which did take place) occurred after the fact and, at any rate, did not defer or stop already existing decisions.

Fifth: Mr Karamanlis' extremely discreet stance vis-a-vis Mr Papandreou's international initiatives (not especially to the West's liking) was noteworthy.

Sixth: Mr Karamanlis' presence in the presidency contributes toward rendering the foreign element more undecided, considering that he could intervene in the Greek order of things.

There are also other elements militating for Mr Karamanlis' election, but they are of secondary importance.

Among the "con's" the following arguments must be mentioned.

First: A socialist president of the Republic would give another dimension to Greece's political life and would be a basic contribution to the dynamics of events.

Second: A repeat of the PASOK's attitude in the 1980 presidential elections (a refusal to vote) would be a spectator follow-up of its policies.

Third: The PASOK's left-wing followers would be especially gratified with the nomination and the choice of someone other than Mr Karamanlis. This would be an effective advantage in the electoral struggle of the PASOK.

Fourth: A vote for Mr Karamanlis would provide a golden opportunity to the communist left to strengthen its attack against the PASOK, by reinforcing the argument about a consensus between the PASOK and the ND.

Fifth: Mr Karamanlis' interventions in certain issues, as handled by the government, caused strong reactions among the PASOK grass roots. His eventual re-election (with a crushing majority) would increase the probability of grass roots reactions to future government choices.

Sixth: The interest shown by Mr Karamanlis in regard to the ND (the party he himself founded) had a decisive influence on the party's cohesiveness in spite of the three changes in its leadership.

The argumentation against Mr Karamanlis also includes the perception that progressive political forces should not contributed to the creation of a "myth," which could become an instrument of exploitation by the right.

The KKE's position is quite clear in regard to the presidential election. What remains to be seen is whether the KKE would vote against Mr Karamanlis and for another political personality (belonging to the left), or would cast a blank vote.

In the latter case, Mr Karamanlis having been elected by both the PASOK and the ND votes, his election would represent a unique--not only Greek--political phenomenon.

This is so ardently desired by Mr Karamanlis that he is talking (with good reason) about the chance that he would not complete his new 5-year term. This is an additional argument in favor of Mr Karamanlis' re-election, which, if it materializes, would open the way smoothly in 1988 for the election of a "socialist president."

POLITICAL

GREECE

PASOK ACCUSED OF FOMENTING POLITICIZATION OF SCHOOLS

Athens I KATHIMERINI in Greek 8 Feb 85 p 2

[Text] In his speech in parliament yesterday Mr. Stefanopoulos declared:  
"Partisanship in schools was promoted by the PASOK..."

Mr. Kaklamanis said that: "Blinders should not be put on students..."

Obviously concerned by repeated instances of politicization in schools, the government tried yesterday in parliament, through the mouth of the minister of education, Mr. Ap. Kaklamanis himself, to parry the bad impressions being created every day; as he spoke of the bill on the pay rates of the AEI [Supreme Educational Institutions] academic staff he invited the parties, all the parties except the PASOK of course, to stop putting blinders on the students and attempting to fit their minds into moulds, even referring to "the barren partisanship which plagues some schools." At that point, however, he was faced with the strong objection of the ND parliamentary representative, Mr. Stefanopoulos, who accused the government of indulging in appeals with no substance. "You are inviting us," he said, "to contribute to stopping the politicization in schools that you yourselves have initiated. But you are the ones in power and you should correct what you have done. We agree that partisanship among students must be stopped. We are even ready to dissolve our own organizations within the schools. But you have to start first."

Mr. Kappos

The KKE parliamentary representative, Mr. K. Kappos, referring to party organizations, said that his party keeps its own organizations in schools in order to balance the activities of the other parties' organizations.

Speaking of the AEI academic staff's pay rates, the minister of education, Mr. Ap. Kaklamanis, said that with the bill under debate the government had exhausted all the resources of the national budget.

12278

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POLITICAL

GREECE

# ANGER, AGGRESSIVENESS SEEN NATIONAL TRAITS

Athens TO VIMA in Greek 10 Feb 85 p 48

[Article by Nikos Dimou: "The National Anger"]

[Text] The first thing that assails you when you land in Athens after a trip abroad is the mute aggressiveness that is simmering around you. Everybody is upright, angry, ready for a fight. Every now and then, this aggressiveness suddenly erupts: an abrupt confrontation occurs without any good reason. Just as abruptly, it dies down. But the simmering anger remains and will erupt again given half a chance, like the lava that emerges when it finds a soft soil.

It is the same in the streets: everyone is driving with a suppressed anger, relieved by obstructing traffic through a variety of moves. If one happens to have arrived from a calm European country--England or Switzerland--one is hard-put to understand such behavior. And if he has driven a car in such countries, he is in danger of being killed. Later, of course, he adapts and resorts to the same tactics.

But even if one has returned from more hot-blooded countries, such all-pervasive anger is unprecedented. Every Greek is permanently at the boiling point, ready to blow up at the slightest opportunity. He enters a store and two minutes later is already fighting with the saleslady. Let us not even mention the kind of reception that is reserved to those who deal with civil servants.

In other cities around the world, people enter the bus in the morning and say "good day." With a smile! They have also gotten up early, they have also sent three children to school, they also owe an installment that is coming due. But they smile and say "good morning." Here, it is only parrots who utter this word.

It is not a matter of politeness or of manners. This is the mute anger that follows Greeks throughout their life. It is as if we are owed something for all times, we have been fooled, we have been cheated. Angry, aggressive, suspicious, we look upon our fellow man as the enemy. Deject frowning, bearing a grudge against everything, we look upon a smile as inadmissible superficiality.

Surely this almost abnormal Greek gloominess has deeper reasons. But I believe that, from an atavistic point of view, we have significantly contributed to it, making our life, in the process, completely unbearable. To such an extent, that even the most self-controlled foreigners with no telltale signs in their past, begin to feel like us after a few months. And they start cursing (even those whose language lacks in epithets) and they start fighting and--heaven forbid--they start shouting! The same people who speak in whispers....

The disease is catching. Which means that even if there is an inherited tendency towards it, the reason must be ascribed to the environment. This inhuman environment that we create for each other.

And this is one of the most vicious circles. The more aggressively we behave, the more aggressiveness we awaken. And the more we repress our anger--because it is impossible for all of us to be frenzied at the same time (someone is stronger and imposes himself)--the more we feed our aggressiveness. Thus we all look like the wrestlers before the fight: we look at each other in the eye and we get ready to draw our weapon--or for the deadly blow.

How can we get out of this vicious circle? Where is the peacemaker, who will calmly and mildly deliver us from anger, loosen the uptightness, quiet down the permanent frenzy? He is nowhere to be found. On the contrary, there are many who are inciting us--like the spectators at a boxing match--to jump at each other. They incite us, they excite us, they infuriate us. And this is how we are living for soccer and politics that is, how we shall destroy one another....

CSO: 3521/184

POLITICAL

GREECE

BRIEFS

POSSIBLE INTERNECINE TROUBLES IN PASOK--Don't be surprised if one day soon you will read that the government no longer enjoys a majority in the Chamber of Deputies. Because by that time the fire that is smoldering among PASOK deputies, who are becoming aware that about half of them have been "ousted" from the "lists" for the next elections, will have spread. No one knows which criteria, measures and evaluations were used for the relative choices. However, the deputies heard that a certain minister--considered Kastro's [residence and office of the prime minister] "most obedient child"--stated a few days ago during a reception offered by the president that "we shall tell them to leave. Since they have been deputies for so many years, they should now give a chance to others, such as the general secretaries. The change of the guard is unavoidable." He was answering a question as to why shouldn't the application of the "list" be postponed for a while, since no party is yet well enough organized in order to apply it. The same minister refused to name those who are being "ousted," but let it be understood that he was not talking about 10 or 20 deputies, but more than 50. What is still not known is when and how the "cancelled" PASOK deputies will react. So, be ready for anything... [Athens POLITIKA THEMATA in Greek 1-7 Feb 85 p 101]

IMPORTANT TSOKHATZOPOULOS ROLE RUMORED--What Akis Tsokhatzopoulos went to London and Bucharest to do is well-known. But what is subject to discussion is the reason why he went to these two capitals instead of the competent minister(s). This kind of projection brought back the issue of Mr Tsokhatzopoulos' duties, or revised the rumors for future reshuffling within the government. In Mr Tsokhatzopoulos' case, the rumors are that: first, he is being projected as an informal alternative to the prime minister in order to cultivate the idea of a deputy prime minister; second, the ground is being prepared for a future high-level change, in which Mr Tsokhatzopoulos will play a part. Of course, there is always the explanation that it is normal for the prime minister to assign official missions to his aides. And that this is the framework within which to view Mr Tsokhatzopoulos' international activities. But the fact that these two missions occurred within 15 days is making this a hot issue. [Text] [Athens TAKHYDROMOS in Greek 7 Feb 85 p 7]

CSO: 3521/184

POLITICAL

NETHERLANDS

# RELATIONSHIP BETWEEN POLLS, RESULTS

Rotterdam NRC HANDELSBLAD in Dutch 21 Jan 85 p 7

[Article by J. Stapel, co-founder and co-administrator of NIPO: "Opinion Polls Still Offer No Guarantee"]

[Text] Every week, various research institutions assess the approximate distribution of seats in our parliament "if the elections were to be held today."

The NIPO [Netherlands Institute for Public Opinion Measurement] annual graph looks much more attractive for the PvdA [Labor Party] than for the two government parties. If elections had been held in mid-December, the PvdA alone would have received not many fewer votes than the CDA [Christian Democratic Appeal] and the VVD [People's Party for Freedom and Democracy] put together.

This would be the case, at any rate, if the citizens conducted themselves in the voting booths exactly the same as during the polling interviews. The history of opinion polls and elections has taught us that they are likely to do that with only slight deviations, provided there is only a small time lapse between the interviews and the trip to the voting place. For May 1986, present figures still offer not one clear-cut guarantee.

That was already apparent between earlier elections. Research efforts begun by NIPO at the end of last year, seeing that the coming elections are not so far away any more, also point up this fact. Although each week fresh random samples of about a thousand people tell us how they voted in the past, how they would vote "today" and also how they classify themselves on the political scale from left to right, from time to time we now also hear the question: "The next elections are now only as far away as May, 1986. Do you know now for which party you will vote them?" (and if they say yes): "Are you completely sure or not yet so sure?"

The last time (November 1984) apparently only 47 percent of the total number of 1 106 respondents were sure of what they would do next year in the voting booth. A smaller number acknowledged that they did not know for certain, and a full third reported that they really did not know at all. That number of uncertain people is greater among women than men. Of the younger generation of voters (age 25 and under) only three out of every 10 feel sure about their future party choice.



## Age

The measure of certainty increases with age and reaches its peak among the regular voters. That fact also emerges from a standard weekly question that deals with people's behavior at previous elections and wherein the respondents classify themselves into one of the following categories: Have always voted for the same party; have almost always voted for the same party; or am in the in-constant group: now for one and again for another party.

The last group, the "self-confessed" vacillating voters, make up about 15 percent of the electorate, and of them not one out of five is presently certain of his choices in 1986.

Among the much larger group of the less regular voters, that certainty figure amounts to about 40 percent, and only two thirds of those who have been regular voters up to now believe that they already know which levers they are going to pull in May of next year.

The regularly voting half of the electorate contributes a relatively high number of "certain" votes to the SGP [Political Reformed Party], the GVP [Reformed Political Union], and also to the CDA, making for a rightist majority all in all.

The "floating voters," on the other hand, vote a higher than average frequency for the PSP [Pacifist Socialist Party] and for D '66 [Democrats '66], an uncertain basis, especially for the already so highly unstable situation of D '66 which during the previous quarter has remained for the most part under the two percent mark of "today's" voters.

Many who once voted for D '66 have gone over already in past years to the PvdA. Another NIPO opinion poll informs us that most of the former D '66 voters, as well as the remainder of their "today" voters do not necessarily see their current party leader as the first choice on the balloting list. This group will obviously become the target for the recruiting efforts of other parties in future years.

Who else belongs to this category? The floating voters, naturally, and those who, when asked, classify themselves as belonging to the political center. These number about 3 million, and their voting patterns and intentions are generally somewhat farther to the right than those of the electorate taken as a whole.

Of them a full 40 percent are still not completely aware of how they will vote in 1986, incidentally, and when confronted with a choice ("Which party will get your vote in May, 1986?") half of them cannot come up with an answer. At any rate they are the ones--relatively little interested in politics as they are--who basically determine every election outcome.

## Protest Voters

Among them are found a normal percentage of protest voters. Among the vacillating voters that figure becomes strikingly high. NIPO establishes this by

asking whether one really votes for the party of his or her choice or rather against the political position of others.

That "protest vote" is also relatively high among the people who would vote today for Den Uyl. It is obviously a protest against Lubbers and his followers. Among the present-day CDA voters, that percentage of protest voters remains far below the average.

This indicates a kind of sensitivity to conjuncture among the PvdA followers at this moment. In PvdA circles, voters should not consider themselves overly numerous. Neither is there yet any special reason for excessive pessimism among members of the other parties. Except for D '66, that is. Of their minimal followers today only one third are sure of her or his choices in 1986.

If no miracles happen, or if no wonderworker rises up again, the CP [Center Party] (or however they might label themselves in 1986) should at least be able to surpass D '66 in numbers.

Many CP voters keep their political choices secret. That was also evident immediately preceding several of the municipal council elections. From time to time NIPO questions from that period of time are repeated: for example, "Do you think you might one day vote for the Center Party?" About one month ago (December 1984), through the use of such further questioning, we found that four percent were certain they would vote for the CP, and another four percent felt that they would "perhaps one day" vote for the CP.

Interestingly enough, the great majority of these potential "common man" voters are definitely aware of the quarreling within the party of their possible choice, as became apparent from another question. Obviously they find no difficulty with this quarreling.

#### Optimism

That, too, may prove different next May. The moral of the story is therefore that the weekly poll figures indicate the trends of the day, but that before the next elections a good many shifts may occur.

The party programs have yet to be drawn up, some ballot list leaders are not yet confirmed, and the working out of certain complicated decisions--concerning nuclear weapons and nuclear power plants, for example--has not yet received the attention of those responsible for making them. Furthermore, the public is beginning to become clearly more optimistic about the continuing economic development and the unemployment figure.

Concerning the effects of these figures, one should indeed be able to formulate certain expectations; but only the opinion polls of mid-May 1986 will as usual form the most reasonable prognosis for the 26th of that month.

8117

CSO: 3614/61

POLITICAL

PORTUGAL

#### MAD AND EX-CNARPE IMPROVE RELATIONS

Lisbon EXPRESSO in Portuguese 2 Feb 85 p 3

[Excerpts] Maria de Lourdes Pintasilgo's pre-election campaign activities will be centered today in Porto, where the probable presidential candidate will meet this afternoon with a large number of local university professors.

On the other hand, the MAD [Movement for the Strengthening of Democracy] leader will not be present at a meeting which the Northern cadres of the movement have called this afternoon, also in Porto, where the first item on the agenda is a discussion entitled, "The New Party and its Declaration of Principles." The discussion, which may be seen as the first political initiative resulting from contacts maintained between MAD officials in Porto and the future Eanes party, will be opened by a representative from the ex-CNARPE [Committee to Support the Reelection of President Eanes] District Committee. According to a member of MAD who is also linked to core supporters of Pintasilgo's candidacy for president, "This dialogue is aimed at achieving unity with ex-CNARPE, since the success of her candidacy depends on this unity to a great extent."

"O EXPRESSO," however, has learned that the best-known leaders of RAS (Socialist Thought and Action, a political organization which claims to be of democratic socialist orientation and which supported Eanes in the 1980 presidential campaign) decided to join the ranks of ex-CNARPE in Porto. Among them are Arnaldo Fleming, Jorge Strecht Ribeiro and Joaquim Brandao, all charter members of MAD supporting the candidacy of Pintasilgo, with whom they are meeting today.

Although their ultimate switch to the Eanes party may be dependent on the results of the plenary assembly in Tria scheduled for February 23 and 24, they are currently about to join its ranks and state that they "essentially identify with ex-CNARPE's platform and declaration of principles."

8844

CSO: 3542/117

POLITICAL.

PORTUGAL.

PSD APPEAL FOR UNITY

Lisbon DIARIO DE NOTICIAS in Portuguese 8 Feb 85 p 1

[Excerpts/ Marcelo Rebelo de Sousa, the leader of the "New Hope" social democratic minority group in the PSD [Social Democratic Party], last night proposed the dissolution of the three opinion groups in the party and hurled this challenge at Mota Pinto and Joao Salgueiro: "New Hope is ready to pay the price for the dilution of opinion groups in this task of building unity and we invite Mota Pinto and Joao Salgueiro to do the same thing right now." Marcelo said this during a press conference.

The Rebelo de Sousa group argues that, during future congresses, the delegates should not again be elected by the system of tie-in with motions and issued "an appeal to seek forms of organization and operation which guarantee unity and which would eliminate the serious risk of division."

Appeals for unity yesterday also came from the Azores where Mota Amaral stated that the PSD "must emerge strengthened in terms of its internal cohesion during tomorrow's meeting of the National Council. The Azorean leader recently rejected charges according to which "the crisis in the PSD has its epicenter in the Azores." He said that he had not been participating in any discussions on party politics for many months because he was completely absorbed in government work.

5058

CSO: 3542/116

POLITICAL

PORTUGAL

# PSD BLAMED FOR CENTER ALLIANCE

Lisbon A TARDE in Portuguese 7 Feb 85 p 8

[Text] Whatever the reasons or whoever the "guilty ones" may be for the political events so prominent in our collective thoughts for the last few days, there can be no doubt that no fair-minded person could be blamed for thinking twice about the so-called center bloc's enterprise, especially from the point of view of the PSD [Social Democratic Party].

Both parties in the government respect and defend democratic institutions. To a greater or lesser degree, they also share a common approach to foreign policy and defense policy. Perhaps they even share awareness of the necessity of avoiding a certain kind of "experience."

But this is not enough. Essentially, what they have in common is the consensus of everyone who defends Western political democracy.

But there are other basic areas. The PSD led a political process of change whose legal expression would be a profound revision of the economic constitution. The PS [Socialist Party] opposed this with total success and continues to oppose it, however much it may mouth liberal statements.

Portuguese politics required the parties to define this area and be consistent with the definition.

In undertaking this venture with the center bloc, the PSD abandoned the very thing that set it apart, that identified it as a dynamic guiding force of the process of change, only to be dragged back into the role of a second-rate actor in the grand farce to maintain the economic status quo.

This could not help but become a divisive element and provoke splits: at least splits which have the dignity to originate from ideas instead of personal rivalries.

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CSO: 3542/117

POLITICAL

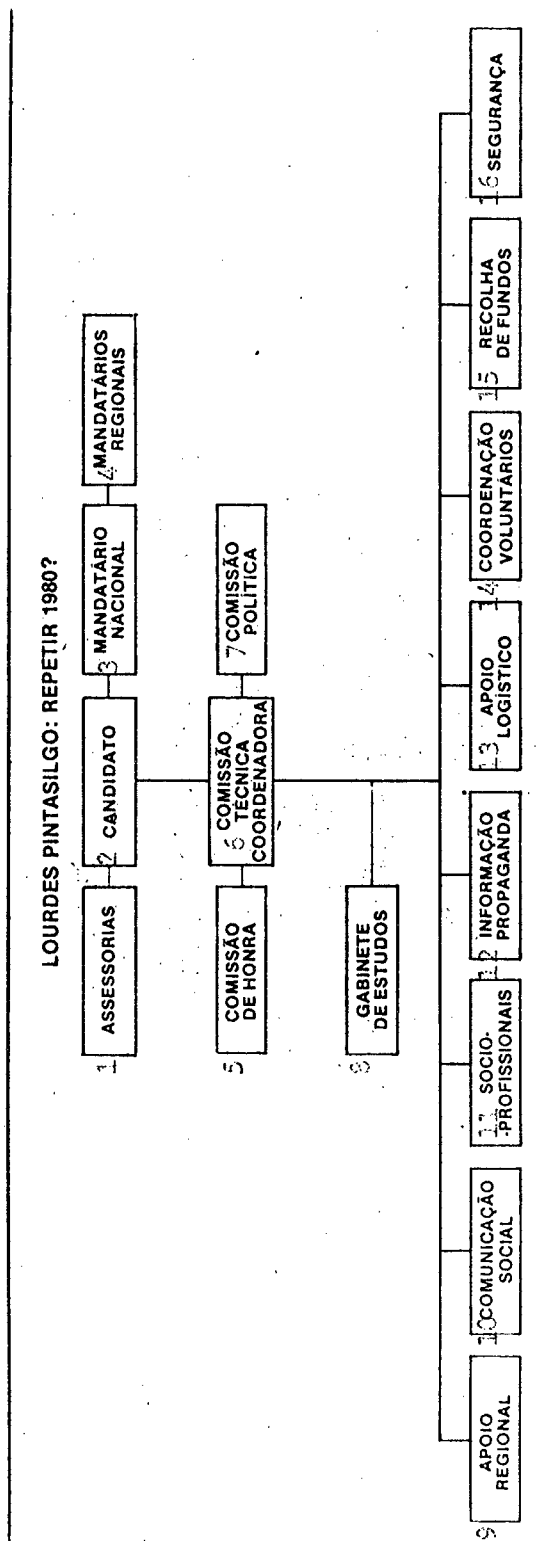
PORTUGAL

DIAGRAM OF PINTASILGO CAMPAIGN ORGANIZATIONAL STRUCTURE

Lisbon EXPRESSO in Portuguese 2 Feb 85 p 21-R

/Text/ According to various sources, the organizational chart showing the provisional support services for the possible candidacy by Lourdes Pintasilgo is similar to the one used during the Eanes re-election campaign. The difference consists in the names indicated earlier (all that remains to be done is for the part-time political committees to pick the national office holder). As for the names, for example, the Technical Coordinating Committee, Major Sousa e Castro will have the job which, in the former CNARPE /National Committee for the Re-election of President Eanes/ was done by Joao Botequilha; as for handling the mass media, Helena Sanches Osorio and Emidio Rangel will take over from Joaquim Letria and Hernani Santos; in information and propaganda, Isabel Leal will replace Vasco Graca Moura; in regional support, Antonio Brotas will replace Marques do Carmo. As for logistic support, which was handled by various people in the former CNARPE, our sources pointed to the Damiao de Gois Institute, although this was denied by Sousa e Castro.

Lourdes Pintasilgo: Re-run of 1980?



Key: 1--advisors; 2--candidate; 3--national office holder; 4--regional office holders; 5--Part-time /Honorary/ Committee; 6--Technical Coordinating Committee; 7--Political Committee; 8--research office; 9--regional support; 10--mass media; 11--social affairs experts; 12--information, advertising; 13--logistic support; 14--volunteer coordination; 15--fund raising; 16--security.

POLITICAL

PORTUGAL

#### JARDIM CRITICIZED FOR FLA CONTACTS

Libson CORREIO DOS ACORES in Portuguese 12 Jan 85 pp 1, 8

[Excerpts] The presence in Funchal of the leader of the Azores Liberation Front (FLA) sparked controversy in the Madeira Regional Assembly, specifically between the UDP [Popular Democratic Union] and the PSD [Social Democratic Party].

The UDP deputy, Paulo Martins, criticized the president of the Madeira Regional Government, Alberto Joao Jardim, for "having a leisurely lunch with a leader of a clandestine, anticonstitutional organization," alleging that "he doesn't have time to attend Parliament and explain recommendations made by the regional government" or confer with the political parties represented in the Parliament.

Paulo Martins stated that the purpose of Jose de Almeida's presence in Funchal was an "attempt to coordinate the leadership of the FLA and FLAMA [Front for the Liberation of the Madeira Islands] (which demanded independence for Madeira).

The UDP deputy stated that "It has been proved that the president of the government (of Madeira) is not condemning the island independence movements, but is aiding them." He further stated, "At the least, the president of the government (of Madeira) has political responsibilities in the Madeira terrorist movement."

PSD deputy Egidio Pito replied to Martins' accusations, mentioning that in Great Britain and Spain, the government try to carry on a dialogue with separatist organizations (ETA Militar and the IRA).

PS [Socialist Parties] Deputy Duarte Caldeira stated that his party "sees nothing whatever wrong with Alberto Joao Jardim having lunch with the leader of the FLA because the reasons for the talk were explained beforehand."

"I myself don't know why the leader of this organization is here in the region," he added, "since it is common knowledge that the autonomy option for Madeirans was long ago chosen and reconfirmed."



Jose De Almeida on the Azores

The director of the Azores Liberation Front, Jose de Almeida, said in Funchal that "The Portuguese State is preventing the people of the Azores from exercising the most basic of their political rights as an autonomous people" self-determination."

In statements made at a meeting with journalists where FLAMA members were present, Almeida added, "At the present time, the Azores are a colonized people."

"In prohibiting the formation of regional parties, Portugal is requiring the people of the Azores to vote in parties founded by Portuguese majorities, thus guaranteeing the permanent subordination of the Azores to the will of the continental majorities, who are not familiar with island problems, if not diametrically opposed," he stated.

On the hypothesis that the FLA might become a legal party, he stated that "The political heritage of the independence movement cannot be confined in a party."

"We respect parties, but [illegible] one which doesn't harbor dyed-in-the-wool nationalists who believe in independence," he said.

Almeida emphasized that he never "condoned violence as a mode of pressing the demands of the independence movement."

Almeida had lunch Friday with the president of the Regional Government in Funchal.

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CSO: 3542/117

POLITICAL

PORTUGAL

BRIEFS

NEGATIVE VIEW OF PINTASILGO CANDIDACY--The candidacy of Maria de Lurdes Pintasilgo "is quite in keeping with the MFA [Armed Forces Movement] and the Revolutionary Council," said Calvao da Silva, assistant secretary of state in the office of the vice prime minister, during an interview given to DIARIO DE NOTICIAS. Calvao da Silva recalled that Lurdes Pintasilgo is linked to a certain "Christian Movement for Socialism" which has been rejected by the Portuguese bishops and he stressed the incompatibility between Catholicism and Marxism. Concerning the coming presidential elections, Calvao da Silva agreed that the PSD [Social Democratic Party] will not support the candidacy of Mario Soares, that the social democrats have already picked "an autonomous candidate who is not a militant in any other party and who will have to stand for change." He also hinted that "the candidate whom we will support will have to be in favor of harmony among the branches of government. That would rule out any candidate coming from the Eanes area since the latter "has been the protagonist of a theory directed against these branches of government." As for the announced Eanist-inspired party, he said that "it is known that Melo Antunes was the chief reporter of the program document of the possible new party. Vitor Alves was also strongly linked to it. This means that, if it were to exist, the new party will be the party of the pro-Marxist wing of the defunct Revolutionary Council and the MFA. Besides, this so-called social democratic inspiration is rather in bad taste and I might even say that it is a farce designed to fool public opinion. Finally, Herminio Martinho talks as if he considered the Communist Party to be a democratic party." [Excerpts] [Lisbon POVO LIVRE in Portuguese 23 Jan 85 p 1] 5058

CSO: 3542/116

14 March 1985

POLITICAL

SWEDEN

## PAPER LOOKS AT IMPLICATIONS FOR PRESS IN BODSTROM AFFAIR

Stockholm SVENSKA DAGBLADET in Swedish 15 Feb 85 p 2

[Editorial: "Journalists and Power"]

[Text] At a discussion in the Swedish Newspapermen's Professional Association last Wednesday about the relationship between journalists and power, DAGENS NYHETER's old experienced foreign correspondent Daniel Wiklund quoted what Foreign Minister Lennart Bodstrom said in a general political debate in the Riksdag about relations with the press. Journalists who asked about that received the following reply from Bodstrom: "They were told that in the future we will continue to mean what we say, and it can be printed, but that also assumes that the information is controlled. The requirement for control of information is not discarded just because we are prepared to agree that the information we put out can be printed."

"It is therefore the Foreign Ministry which will decide what we will print," was Wiklund's sarcastic comment.

There is more to quote from the foreign minister's speech, according to the Riksdag record. "The leadership of the ministry and its press service will put out the needed information," explained Bodstrom in an incredible statement. (Did the foreign minister control this statement and agree that it could be printed?)

The foreign minister's ideal for analysis of Swedish foreign policy is obviously "the statements released here in the Riksdag."

In the Riksdag debate the foreign minister somewhat rashly also took up an old controversy between himself and SVENSKA DAGBLADET. A reporter had held an interview with Bodstrom and sent over the text of the article. Although this agreed with what Bodstrom had said in the interview, he said that it could not be printed. Instead he demanded that the taped transcript be returned to him!

In a powerful neighboring country it is those in power who decide what can be printed, and who has control over it. In that country the authorities

decide what is "the needed information." In a newspaper with the fantastic name PRAVDA ("Truth") the statements which are delivered in the official political assemblies by those in power are printed in column after column of text.

In defense of Foreign Minister Bodstrom it must be said that he obviously has not perceived the geographical and political position of his press-ethical ideal.

How can it be possible that a person in power in Sweden can express this view of the mission of the press?

Can it be that the journalists and the media have spoiled those in power by working too hard on their behalf?

Prime Minister Palme has masterfully developed the ability to dupe and manipulate journalism in the wielding of power. That is most apparent in how he has succeeded in getting Swedish journalists to unreasonably promote his international, often dubious activities.

What Foreign Minister Bodstrom said or did not say, his competence or incompetence and the working methods of five or six journalists are despite all not the most important aspects of this issue which has drawn so much media attention for a number of days.

The most serious thing is that the debate discloses what demands those in power have publicly and without shame imposed on the press.

Those in power want compliant journalists who accept the problem solutions which are handed out at press conferences and which the press attentively prints from the releases which the authorities distribute through their press secretaries.

But a journalist worthy of the name will always be a source of concern for those in power, a thorn in the flesh. Journalists should go behind the curtains of power and expose to the light what the authorities want to hide. If for example a cabinet member makes a slip of the tongue and thereby discloses what he really thinks, journalists should see to it that this is printed, if its importance warrants it. They should not give him the opportunity to smooth it over and thereby control what gets printed.

The question which the Swedish mass media must ask itself is whether we have too much communique journalism, whether the media is allowing itself to be too much controlled by the writings of those in power, and whether compliance with the authorities has spread out too much.

On the other hand it seems that what the prime minister and foreign minister consider so disturbing, namely that there are independent and inquisitive journalists, is a small problem

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CSO/ 3650/175

POLITICAL

SWEDEN

PAPER COMMENTS ON DEBATE SURROUNDING VIETNAM AID

Stockholm DAGENS NYHETER in Swedish 1 Feb 85 p 2

/Editorial: "Pressure on Aid to Vietnam"/

/Text/ The shocking reports to SIDA about forced labor and unbearable conditions of several thousands of women in the forest project at the long debated integrated paper plant Bai Bang shakes the opinion support for the entire Swedish Vietnam aid. There is also much more open criticism within SIDA now than before, a fact that was indicated by the radio interview yesterday of SIDA chief Anders Forsse in the Kanalen program. The Moderate Coalition Party and other forces seem to want to clean out the house of all the Vietnam aid. There may be other explanations for this than the obvious one.

The indignation regarding the bad conditions around Bai Bank seems to be shared by everyone in Sweden. Even if several strange facts can be explained and excused in circumstances concerning aid, there are limits. But should the baby be thrown out with the bath water and how will it then manage? Feel free to use--in this special context--the growing opinion threatening Vietnam aid as a lever in order to force corrections to be made fast! But do not at the same time forget some of the background of the awful circumstances.

If Vietnam would be just any very poor country, besides being governed by a Communist regime, and also a nation that has invaded a neighboring country and kept it occupied for several years in disagreement with the UN injunctions, then the reactions of Swedish opinion and the consequences for the Swedish aid to this country would be rather obvious. Especially if to the top of the list of sins would be added new shocking descriptions of the recent situation in the forests at Bai Bang.

But Vietnam is not just an extremely poor country among several others but a nation which in the 1960's and in the beginning of the 1970's was bombarded almost back to the stone ages by the world's greatest superpower, not with atom bombs, which was at times suggested, but with saturation bombs, heavier than the explosive powers of World War II and with napalm and fragmentation ammunition.

This made it easier for many people to understand and excuse almost anything that was done in Vietnam, for others, on the other hand, to attack the abuses

and acts of cruelty that at least later could justify the unfortunate Vietnam War. "What did we say?"

And the Vietnamese Government soon supported the latter category with repugnance--and guilt-relieving alibis--prison camps, banishing away the boat people, a strong repression within the country and, as a finishing touch, the invasion of Cambodia. The promised large American war indemnity to Vietnam could be frozen and the trampled-down country and the people had to manage on the small aid that came from a small number of other sources, such as Sweden. Thus it became a satellite state of the USSR more than was necessary.

The historic poor conscience in the West in regard to Vietnam explains a lot of the heat, both of the continuous excuses and the continuous condemnations that sweep over the Hanoi regime, almost regardless of what it does and what it neglects to do.

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CSO: 3650/163

POLITICAL

SWITZERLAND

## SURVEY OF SOVIET ESPIONAGE ACTIVITY IN GENEVA

Geneva JOURNAL DE GENEVE in French 8, 9/10, 11 Feb 85

[Article by Francoise Buffat: "USSR Eavesdrops on Europe From Geneva"]

[8 Feb 85 p 17]

[Text] Such recent events as the enforced closing of the NOVOSTI press agency's office in Bern, the revelations of Nicolas Polianski, a defector and former diplomat, and the case of the "diplomatic" truck bound for the Soviet mission in Geneva--it was placed under seal and then denied entry into the country--have once again caused the media to spotlight Soviet activities in our country. These activities are unusually discreet. For example, how many Swiss know that their country shares with the United States the privilege of being the only country in the world housing two KGB [Committee for State Security] and two GRU [Chief Intelligence Directorate of the General Staff] intelligence centers? How many Swiss know that Geneva's Soviet colony is in the way of becoming the largest in Western Europe because of the presence here of international organizations? And to such a point that with the passing years the USSR's permanent mission in Geneva has been transformed into a veritable village bristling with antennas and satellite dishes. Our investigation, conducted with the help of numerous sources--who shall remain anonymous, as promised by us--, has confirmed that Switzerland, and especially Geneva, has become a favorite region and a hub for Soviet activities which Swiss intelligence agencies unhesitatingly categorize as espionage. The best overall view of the Soviet mission in Geneva is obtained from the top floor of the International Red Cross building on Avenue de la Paix. The mission is a real village with its own apartment buildings, school, stores, theater, dispensaries and other medical facilities. More than 400 persons live there in isolation and under tight surveillance. Their comings and goings are checked by KGB uniformed personnel who guard all entrances and exits. Mrs T., the wife of a former Soviet vice-consul, once told some of her Geneva acquaintances: "We can't even go out to buy lipstick without showing proper identification." The center of this small community

\* The KGB--"Geybay" to insiders--is responsible for the USSR's internal security and controls Soviet foreign intelligence agencies operating in the political, economic, scientific, and technical fields. The GRU is responsible for military intelligence. Chairman of the KGB and GRU are both members of the Council of Ministers.

is quite obviously the embassy and its offices, the ambassador's residence, and the attractive 19th century building, the former Estonian embassy, in which the disarmament talks are now being held. But the real heart of the village is the communications center which, as in all diplomatic missions, enables the Soviet mission to maintain continuous communication with the motherland. According to experts, the Soviets are so fond of information that messages between Moscow and Geneva, both incoming and outgoing, beat all records for length. In reality, the Soviet mission in Geneva is a gigantic listening post, an "ear" situated in the center of Europe, in the center of capitalism, in the center of international organizations. From this strategic position on Avenue de la Paix, the Soviets monitor everything: radio frequencies used by the Geneva police who encode their messages but know full well that they are being decoded in Moscow, NATEL (mobile radiotelephone service) frequencies, satellite communications, conversations inside neighboring buildings, etc. A Soviet computer is programmed to activate recording equipment whenever listening devices pick up certain key words.

### Peaceful Invasion

Officials in Geneva and Bern who keep tabs on the activity of the Soviets in Switzerland all say that at least one-third of the latter are intelligence agents.\* Some of them are said to be full-time intelligence officers working under official cover. On what are such assertions based? Primarily on the spectacular growth of the Soviet colony, as well as those colonies from Eastern Bloc countries who are known to be working hand-in-hand with their Soviet "big brother," notably Bulgaria, East Germany, Hungary, and Poland. Only the Romanian colony has shrunk since 1965, undoubtedly because of the fact that Romania has chosen to keep its distance from Moscow. In the past 2 years, the number of Soviet officials in Geneva has risen from 610 to 680.

Swiss authorities are endeavoring to contain this peaceful invasion, while continuing to respect established diplomatic practices. They have refused the USSR's request to expand its mission's facilities in Geneva. The Soviets wanted to buy a parcel of land down from the Kuwaiti mission on the street leading to the WHO building. Swiss authorities have also opposed the Soviet Union's purchase of the house in the Saint Jean district where Lenin lived. We were told in Bern: "They wanted to turn it into a museum. This would have given them a pretext for bringing in additional officials, guards, cleaning personnel, conservators, etc." In short, the Swiss firmly declared "Enough!" They bolstered their stand with the following supporting figures: Soviet diplomatic facilities in Geneva--permanent mission and consulate--already occupy 30,000 square meters of land whereas the Americans are content with 23,000 square meters.

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\* In his book, "MID, 12 Years in the Kremlin's Diplomatic Service," Nicolas Polianski, a former diplomat, reports that two-thirds of the Soviet Embassy personnel in Bern were officers of intelligence agencies.



## Standard Cars

Another indicator used by Swiss authorities to measure the magnitude of Soviet espionage activity conducted from Geneva is the number of automobiles registered in the canton by Soviet nationals. As of 31 December 1984, there were 430 such vehicles, half of them with diplomatic license plates, the other half with standard Swiss plates. The police have determined that a good number of those with standard plates are equipped with communications equipment capable of being used in intelligence operations. It is essential, we were told, that before making contact with an intelligence agent, the car's driver must be able to receive warning from the mission's communications center that there is an obstacle ahead, a police car, for example. It is relatively easy to keep track of a car by means of scanners and other detection devices with which professionals are very familiar. Lastly, Swiss police have noted that whereas the Soviets formerly used mostly Soviet-made Lada vehicles, they now drive European and American cars, no doubt so that they can blend more effectively into general Swiss traffic.

But what about those Soviet officials for whom an assignment abroad, in Switzerland particularly, is a reward that has to be earned? More than half of them live outside the permanent mission, but not just anywhere nor as they please. Whether it be because of their gregarious instinct or so as to watch each other more effectively, the fact remains that they rarely live alone in an apartment house, but rather in groups of several families at addresses well-known to Swiss housing authorities. For example, they live at 1, 2, 8, 12, and 16 Avenue de Bude, at 5, 6, and 8, Avenue Wendt, at 42 and 70 Rue de Lausanne, and in the rental complex between Rue de la Prairie and Rue Tronchin.

## Spy Mania

It is said that one family or person in these apartment houses is assigned responsibility for maintaining surveillance of the others. Having lived in an apartment building in which there were three Soviet families, we know from personal experience how extremely wary of the other tenants they can be. But in our building, the manager did catch them rifling mail boxes of Western diplomats!

As a matter of fact, all persons who have had occasion to approach Soviets assigned to positions abroad are struck by the climate of fear and mistrust in which they live. Mistrust not only of foreigners, but likewise of their fellow countrymen, their servants, their chauffeurs and even at times their spouses. The KGB resident is the Soviet colony's "big brother." The function of the resident and his agents consists in, among other things, keeping an eye on other Soviet diplomats and officials, monitoring their contacts with foreigners, seeing to their loyalty and even their life style which must conform to the motherland's standards.

This mistrust inevitably influences their working relationships within international organizations. A Western international official of the United Nations told us: "Because they spend their stay here spying on each other and spying on other nationals, they assume that we are doing the same." Why do

they have this general and intense obsession about spying, this spy mania? We shall examine this question in the next part of this article.

[9-10 Feb 85 p 23]

[Text] The activities of diplomats and international officials assigned to positions in our country are closely observed by the federal police in coordination with the cantonal police forces.

Activities of the Soviets and persons from East European countries are frequently the subject of interpellations and written questions in both houses of the Federal Assembly. Answers thereto are generally given in great detail. These various sources enable us to ascertain to some extent what the Soviet agents are looking for in our country, how they are organized, and why they are practically compelled to engage in intelligence operations.

The Federal Council has on several different occasions stated that it takes Switzerland's counterespionage measures very seriously. These past few years have seen a marked increase in the number of exposed instances of espionage, expulsions and other disciplinary measures taken against persons convicted of subversive conspiracies or espionage activities. The obligations of diplomatic secrecy are such that relevant official documents contain a niggardly amount of specific figures and detail. Moreover, the general public is not made aware of all expulsions. It's a matter of opportuneness. At times it is advisable to make an example, whereas at other times it is preferable to let the "spy" leave the country quietly. The objective of the Swiss counterintelligence agencies is not necessarily to have spies expelled but rather to spot them so that it can then identify and maintain surveillance of spy networks. These agencies realize that an expelled spy will be replaced, even though the Federal Council has changed its policy in this regard and now informs the countries concerned that the positions held by persons convicted of espionage shall no longer be refilled. This policy accounts in part for the increased importance assumed by Geneva where international organizations make it possible to circumvent the restrictions imposed upon diplomatic missions by Western capitals.

From a June 1982 written reply by the Federal Council we learn that from 1948 to 1981 more than 100 diplomats and international officials, 80 percent of them from Eastern Bloc countries, were convicted of intelligence activities. According to another council reply--to Hofmann question of 6 March 1984--the Swiss authorities have, for security reasons, denied entry into Switzerland to 20 diplomats, 19 of whom were from Warsaw Pact countries. But these examples are but the tip of the iceberg because, as the Federal Council wrote in 1984, "to protect the secrecy of our sources and methods, it is not possible to divulge how many of these officials are known by the Swiss counterespionage service to belong to a Soviet intelligence agency, or are highly suspected thereof (answer to interpellations by Blocher and Spalti on 5-6 March 1984).

## Tactful Expulsions

To spare the feelings of member nations, personnel of international organizations are expelled very tactfully. Generally speaking, an international official proven guilty of espionage is repatriated by his diplomatic mission for a fallacious reason, such as health, education of his children, death of a parent, etc. From time to time, persons disappear in this way without having had time to inform their Geneva friends. This happened, for example, to a Soviet national working at the League of Red Cross Societies, who recently went home very suddenly to care for his sick mother. But a few months later, the aforementioned mother called from Moscow to her son's Geneva friend. She said she was worried because she had not heard from him for such a long time. Her call was then abruptly cut off.

Two conditions must be met for an espionage case to be made public. It must be flagrant, very flagrant. It must directly endanger Switzerland's internal security. The Jeanmaire case met these conditions. And so did the NOVOSTI news agency affaire which prompted the Federal Council to order that the agency's Bern office be closed early last year. This action and its attendant publicity were designed to boldly make a point, and also to make the general public aware of the problem, as President Mitterrand had done in 1982 by expelling 47 Soviet diplomats from France. Details of the NOVOSTI case were never disclosed, because in so doing the Swiss counterespionage service would have revealed its sources and informers. We only know that the Soviet press agency had conducted disinformation operations and manipulated Swiss peace movements. One of the agency's subversive activities was accidentally uncovered at the Geneva-Cointrin airport. During the unloading of an Aeroflot transport, several packages inadvertently fell to the ground. They broke open, thereby revealing their contents, namely NOVOSTI pacifist leaflets in French and German, and printed in the USSR. This was a windfall which Major Troyon, the airport's security director, is not about to forget!

## From Information to Manipulation

Activities of Eastern Bloc agents can be grouped into three categories: technological information, information on individuals, and disinformation. It must be said at the outset that in most instances Switzerland is not directly targeted but merely serves as a platform for operations conducted in other countries, especially in France and the Federal Republic of Germany.

Because of its technological gap in such fields as satellites and computers, the USSR is particularly desirous of obtaining civil and military technological information. For the KGB, this has even become a priority target. Switzerland's very open society makes it relatively easy to circumvent the American embargo on strategic materiel, because infractions of this embargo are prosecuted under administrative law and not under the penal code. In contrast, Swiss materiel is better protected inasmuch as manufacturing secrets are protected by the penal code.

Consequently Eastern Bloc intelligence agents seek to recruit well-placed persons who will be able to furnish them documents and equipment. But the best method by far is to set up a Swiss front company that will buy

embargoed American equipment, and will then ship it to the USSR by shuttling it through several companies. But Swiss authorities keep a watchful eye on such schemes. In August 1983, employees of the Favag Company in Neuchatel were caught red-handed and sentenced to pay heavy fines. They had been selling the Russians American strategic equipment which was being forwarded through France and Eastern Bloc countries.

The Russians are not interested solely in high-technology. Everything seems to be of interest to them. For instance, some Soviet international officials are experts in photostating. They reproduce everything they can lay their hands on. A case in point is the WIPO (World Intellectual Property Organization) official who was caught because he was personally reproducing, or having others reproduce, some 1,000 copies per week! Obviously he felt it was important to forward to Moscow copies of patents granted throughout the world. Here is a recent example of how the Soviets use technology "borrowed" from the West: the U.S. Navy found a Soviet floating sonar used to detect submarines; this sort of "thermos bottle's" components were all from IBM.

The second objective of Soviet intelligence agencies is to establish biographical files on all types of individuals active in the political, economic, and military fields, and likely to furnish them information someday. Hence Soviet agents are assigned the task of meeting such persons and recording their peculiarities and weaknesses. This is intricate and laborious work which consists in collecting information in dribs and drabs, and then forwarding it to Moscow where it is collated and digested by a KGB computer. Thus each time a Soviet meets a foreigner, he is obliged to report it, even if the meeting was totally insignificant. Diplomats are in the best position to do this kind of work, those in the consulate general, for example, whose duties require them to meet people. A well-informed source told us that all members--from the lowliest to the highest--of the consulate in Geneva belong to the KGB. The consulate is particularly well-placed in that the consul general is the one who issues visas for the USSR and establishes files or dossiers on visitors.

Swiss counterintelligence agencies are also suspicious of trainees from Eastern Bloc countries, some of whom are reportedly "talent scouts." Scientists are rather easy prey because they are open to international cooperation and often naive. Out of friendship, or as a favor to a former fellow-worker, they will readily furnish an innocuous item of information, then a second item. And when eventually they are asked to furnish information that is really too important to permit them to respond favorably, they realize it is too late and that they are already caught up in the intelligence machinery.

There are also countless instances of travelers who have been entrapped in Eastern Bloc countries, because of their sexual escapades, need of money, or simply personal vanity which somebody was able to influence through flattery. The Soviets are able to lay these traps by using the information on a traveler's weak points as recorded in his dossier. The Soviets have ample time to prepare such traps inasmuch as it generally takes the traveler a month to obtain a visa.

When the travelers are prominent persons, the Swiss police do not hesitate to caution them before their departure: "Be very careful of everything you say. Never mention your personal tastes. Don't drink to excess. Don't give in to any of your particular weaknesses, because you never know whom you may be dealing with, even if he or she is the most charming person in the world." And heaven knows how charming the Soviets can be!

#### Beware of Journalists

Disinformation and manipulation are the third favorite activity of Soviet and other Eastern Bloc agents. Such activity is designed either to improve their country's image with Western public opinion or, without beating about the bush, influence political life in a given Western country. A case in point is that of a certain Mr Pokrowsky, an employee of the USSR consulate in Geneva. He had recruited the accountant of a Geneva wine-growing firm with the objective of training him so that he could be planted as a "mole" in the Federal Department of Foreign Affairs. This case, which had been secret, was revealed by John Barron in his book on the KGB.\*

We are told that journalists are a priority target, and particularly if they work for Rightist publications. In fact, some Soviet agents specialize in relations with the press. A well-known case is that of Pathe, a Paris journalist, who was recruited by the KGB. From some 15 years, he showered the Rightist press with articles fabricated by the KGB. In Switzerland, where freedom of the press and opinion are sacred, there is no legal basis for countering disinformation. Fortunately, we still have confidence in the common sense of our gentlemen of the press!

Our authorities are much more concerned about possible manipulation of certain fringe movements, like the pacifists. They fear that by financing these movements the USSR may be trying to influence our foreign policy, as in the NOVOSTI case. Specialized police are endeavoring to monitor the comings and goings of possible manipulators.

[11 Feb 85 p 13]

[Text] When member nations established the United Nations, they assigned it the task of creating an international civil service that would remain aloof from national and partisan interests. In Western democracies today, an international civil servant is still considered to be working first and foremost for his organization and not allowed to seek or receive instructions from his country of origin. Eastern Bloc countries have an altogether different view. Their civil servants are only "on loan" to the UN organization from their government to which they must constantly report and render service. They thus have a dual allegiance which accounts for the fact that they can or must reconcile their international function with an intelligence function. Yet it is precisely to enable them to perform their duties in a completely independent manner that countries hosting international organizations have

\* John Barron, "The Secret Work of Soviet Secret Agents", New York, Reader's Digest Press, 1974.

granted tax privileges and immunities to employees of those organizations (articles 104 and 105 of the UN Charter).

The main difference lies in the nature of the international civil servant's employment contract. A high-level UN official in Geneva explained: "UN personnel from the Eastern Bloc are nationals first, members of their party second, and only lastly are they international civil servants." Such is not the case with Western personnel who even if they are accredited to the United Nations by their foreign ministries, are not accountable to those ministries. Their bilateral contract binds them solely to the organization employing them.

But international civil servants from Eastern Bloc countries are bound by a trilateral contract between their government, the organization, and themselves. To what extent is such a contract contrary to the spirit of the UN Charter? The International Court of Justice is expected to rule on this issue in the very near future.

Last year, a Soviet UN official in New York defected to the West. Upon the USSR's request, the secretary general terminated his contract because one of the parties to the contract, the USSR, had demanded its cancellation.

The employee in question filed an appeal that was dismissed by the UN Administrative Tribunal. But the higher appeals body, the Committee of Appeals, decided to bring the dispute before the International Court of Justice.

#### On Loan

The employment contract also differs in its duration. Most Westerners enter the international civil service on a permanent lifetime basis. This system reinforces their independence from their country of origin and their loyalty to the organization. Employees from the Eastern Bloc, on the other hand, are only "on temporary loan" (except for senior KGB officers). Their contracts are for 3, 4, or 5 years, never longer, so great is the fear that the West may contaminate them. Furthermore, they will have no chance of being sent abroad again on another "job" unless they have worked well in their previous position, in other words, unless they have performed the services demanded of them by their government. It is self-evident, therefore, that Eastern Bloc personnel cannot be full-fledged international civil servants. Even those Soviets who do not belong to the KGB are induced to work for that agency.

In Geneva it is said that every evening at 1800, the Soviet mission on Avenue de la Paix is crowded with international civil servants who have come there to make their reports.

#### 'It Doesn't Matter'

In actual practice, how does this situation affect performance within international organizations? The answers we received varied with each respondent. "I have always chosen a Soviet assistant," said the secretary general of one organization, "and I have never regretted it. They did the work expected of them and proved to be perfectly loyal." When asked about

espionage, a former United Nations senior official replied: "Actually there has always been espionage, and by all countries, especially since the start of the cold war. Moreover, it doesn't matter, provided people perform their duties properly. What they do during their off-duty time, or when on official sick leave, is none of our business." This former high-level official acknowledged, like everyone else, that "the UN is a nest of spies," but that most intelligence collected is useless. "You can learn just as much by reading military and scientific journals and periodicals. Those employees required to submit reports to their government, photograph and photostat everything, even the Information Service's handouts issued to all the press." As was the Japanese custom in the 1950's.

### Dangers

Extreme silence is the rule relative to specific cases of espionage. The stock response on this subject was: "There are many such cases, but they are merely rumors, scuttlebut. Besides, even if I knew of any, I would not tell you." Nevertheless, certain cases are of such great magnitude that they break through this wall of silence. Like the one involving that former head of the Economic Commission for Europe (ECE-UN). In his hands, the organization vegetated because he was so busy serving primarily his country's interests by photostating everything interesting he could glean. He has since been replaced by a Finn who is assisted by two deputies, a Russian and an American.

Another case which received a certain amount of publicity in 1978 was that of Gregory Miagkov, an expert at the ILO (International Labor Organization) on the training of railroad personnel. In early August, Swiss authorities requested his immediate recall for internal security reasons. He was an important member of the GRU and very likely a specialist in the sabotage of rail systems. He had reportedly used his position in the ILO to make a detailed survey of the French rail system.

There has likewise been much talk in Geneva's Palace of Nations about the Soviet Union's obviously keen desire to obtain the position of director general of the UN library. This is a strategic post which the Soviets already occupy in New York. From it, they can direct the purchase of books and check on who reads what, and why, and how? Was their attempt to obtain this position in Geneva prompted by a desire to prevent their fellow countrymen from being poisoned by subversive literature? As a matter of fact, the Soviets regularly complain to the director general that the library is buying too much anti-Soviet literature and that each latest book on the KGB is always displayed on the Naville newstand in the very center of the building. At all events, the director general opposed this Soviet infiltration tooth and nail because he deemed it incompatible with the library's academic and scientific freedom. He was unable, however, to prevent a Soviet from being assigned to the catalogue section.

### Personnel Director is Key Position

These anecdotes would be of no consequence if they did not reveal how suspicious of the United Nations the Soviets really are--they still consider it to be "the property of Westerners"--and also if they did not testify to the

Soviet Union's determination to infiltrate its intricate machinery. The Soviets are said to be very attached to certain positions such as that of personnel director which they occupied for years. This is an ideal position from which to appropriate a mass of data on individuals and recruit as "agents" Third World civil servants, scholarships recipients, and experts.

KGB Colonel Dneprovsky, who had held this position for some years until recently, was quite adept in placing his pawns in the department without ever seeming to pursue a partisan policy with respect to personnel. Dneprovsky was a charming man of great competence who had many friends in Western circles. But within his department, workers grumbled and whispered that he was at the beck and call of a Bulgarian who is still in the personnel department. When Dneprovsky left, the Soviets claimed the position ought to be given to another fellow countryman, but it was assigned to a Spaniard. Dneprovsky was blamed for having helped another Soviet, Vladimir Volkov, to attain leadership of the highly turbulent UN Staff Trade Union. Protected by Dneprovsky, Volkov continued to lead the union after having retired as an international civil servant. He caused so much unrest that he was finally barred from entering the Palace of Nations after the departure of Director General Cottafavi. Today, the Staff Trade Union is quiescent and everyone will tell you that it had been "remotely controlled from Moscow."

Another position highly prized by the Soviets is that of director of conference services, the official responsible for conference rooms, interpreters, and all associated technical facilities. Why is this position so important to the Soviets? No one really knows. Although the selection of interpreters for this or that conference is not necessarily innocent.

People in the Palace of Nations know that whenever a position is assigned to a Soviet, his fellow countrymen will do everything in their power to retain it. It's as if they considered this position to be conquered territory. We were facetiously told: "Ousting the Soviets from a UN post is as difficult as ousting their army from a country it occupies."

Yet General Assembly resolutions clearly state that no position shall be earmarked for any one nation. But as the USSR is still underrepresented in the United Nations, it is difficult to prevent "the Russian octopus from extending its tentacles," to quote a stock phrase heard in the Palace of Nations.

Good Cover

These tentacles will concern themselves primarily with what is happening outside the Palace of Nations and Switzerland. All observers are in full agreement on this point. "There is nothing secret in the United Nations and other international organizations. Consequently there is nothing to spy on. Except possibly those studies and plans in the preparatory phase, but all of these are quite innocuous. Of course, there are the personnel dossiers. Yet are they sufficient explanation of the fact that most international civil servants from Eastern Bloc countries are members of intelligence agencies?"



On the other hand, a post in Geneva is a good cover for people from the Eastern Bloc who can thereby blend easily into the European multitude, as the Cubans blend into the New York throng. It enables them to travel, meet people, and make official trips. It is a well-known fact among Geneva's UN personnel that whenever Eastern Bloc employees travel for UN organizations, they rarely take a direct flight but almost always fly on those requiring transfers at Frankfurt and Vienna, for example. Do they do this simply for the pleasure of spending a few hours in an airport awaiting a connecting flight?

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POLITICAL

TURKEY

## REPORT, IMPRESSIONS OF TIKHONOV'S ANKARA VISIT

### Yazangil on Meeting's Atmosphere

Istanbul CUMHURIYET in Turkish 26 Dec 84 pp 1, 11

[Text] Ten years after Kosygin's visit, Ankara welcomed the second premier, Nikolai Tikhonov. USSR Premier Tikhonov had to postpone his visit to Ankara by 1 day because he had to attend the funeral of USSR Defense Minister Dimitri Ustimov, who died last week. Tikhonov arrived not with four cabinet ministers as previously announced but with one cabinet minister, two deputy ministers and a delegation of 100 for the talks that, in Prime Minister Ozal's words, will be used to develop trade relations that have been stagnant from time to time and have even regressed in the past 4 years. This will be done within a framework of reciprocity and stability. Other focal points of the talks will be to put special emphasis on securing the USSR's political support on the Armenian issue and on the subject of terrorism.

The TASS correspondents who will cover the Soviet delegation's visit to Turkey and the technicians arrived at Esenboga Airport in a separate Aeroflot plane 1 hour before the arrival of the official Soviet delegation. The special Illyushin-62 plane with Tikhonov and the official delegation on board landed at Esenboga Airport at 11:20 am with a 10-minute delay due to adverse weather conditions.

The VIP lounge of Esenboga Airport was filled with local and foreign media representatives in the early hours of the morning, long before the arrival of the visiting premier.

After the plane that brought the Soviet technicians landed, the VIP lounge was the stage for the introduction of members of the Turkish-Soviet press and officials from the embassy as well as "informal talks" between them.

Strict security measures were taken both at the airport and on the roads long before. However, it was noted that Soviet security personnel who arrived in the first plane were assisting in the security arrangements at the VIP lounge.

The 37 Soviet security men were wearing blue buttons to distinguish them from the Turkish plainclothesmen. However, it was not at all difficult to pick them out from the rest with their Cossack hats, blue eyes and blonde hair.

The issue that most intrigued the press corps awaiting the special plane was whether kissing on the lips, which expresses close friendship and love in the Soviet tradition, would take place between Ozal and Tikhonov. This excitedly awaited event did not occur. Tikhonov simply shook Ozal's hand. The visiting premier walked down from the plane with Chairman of the State Committee for Foreign Economic Relations Mikhail Sergeychik, Deputy Minister of Foreign Trade Nikolai Komarov and Deputy Foreign Minister Nikita Risov. While 100 members of the Soviet delegation attracted attention with their heavy cossack fur hats, Tikhonov, who appeared old but energetic was wearing a gray-green felt hat.

The visiting premier and his entourage were met at the gate of the aircraft by Prime Minister Ozal, Minister of Finance and Customs Ahmet Kurtcebe Alptemocin, Minister of Foreign Affairs Vahit Halefoglul and USSR Ambassador Vladimir Lavrov and Mrs Lavrov.

Ozal, shaking Tikhonov's hand, said: "We had prepared to be your hosts in Turkey for 4 days, but I hope your 3-day visit will also be pleasant. Welcome."

Tikhonov in return told Ozal that he had wanted to stay longer in Turkey and that he hoped his next visit would be longer. He said he was happy to be here.

Tikhonov was then given a bouquet of chrysanthemums of mixed colors by three small female students. Tikhonov patted the 7-year-old student of Necatibey Elementary School, Tulgen Kizil, on her head and gave her a gift of Soviet chocolates.

#### Ozal-Tikhonov Statements Reported

Istanbul CUMHURİYET in Turkish 26 Dec 84 pp 1, 11

[Text] Ankara--by CUMHURİYET correspondents--USSR Premier Nikolay Tikhonov arrived in Ankara yesterday as the official guest of Prime Minister Turgut Ozal. Tikhonov, who is the second Soviet premier to visit Turkey following Kodosygin's visit in 1975, and his entourage of 100 were met at the Esenboga Airport by Prime Minister Ozal in an official ceremony.

During the talks between the two statesmen yesterday, Tikhonov announced that a Turkish vessel fishing in the Soviet economic zone had been released. This action was interpreted in Ankara diplomatic circles as a "goodwill gesture." Tikhonov pointed out that the USSR will investigate the matter of Turkish fishing vessels fishing in the Soviet economic zone and that they will inform Ankara of the results.

Soviet Premier Tikhonov, in a speech he made at the banquet given in his honor by Prime Minister Ozal at the Prime Ministry residence, said: "Solid grounds exist for cooperation between the two countries in various fields. We are pleased to confirm that there is a similarity and even a direct identity in the way the USSR and Turkey approach a series of regional issues.

Tikhonov pointed out that the agreements to be signed in Ankara will bring new aspects to the cooperation between the two countries that will extend to the year 2000.

Turgut Ozal in his speech announced that Turkey was determined to protect Soviet Turkish relations from the fluctuations in the international arena.

The special plane carrying the USSR premier and his entourage landed at Esenboga Airport at 11:20 am.

The visiting premier and Ozal rested at the airport VIP lounge for some time. Ozal and Tikhonov made two brief speeches there.

Visiting Premier Tikhonov later went to visit the Ataturk Mausoleum and laid a wreath. Tikhonov then paid a visit to Prime Minister Ozal at his office and the two held discussions for some time.

As Ozal was continuing his discussions with Tikhonov, the technical delegations of the two countries began their talks on trade and economic issues.

Prime Minister Ozal gave a banquet yesterday evening at his residence in honor of Tikhonov and his entourage.

Ozal, in his speech at the dinner in Tikhonov's honor, pointed out that Turkey was anxious over the adverse developments in East-West relations that had surfaced in recent years and said: "The main responsibility for eliminating the tension in East-West relations falls upon the two big nuclear powers."

Ozal emphasized in his speech that the good-neighborly and cordial relations developing between the USSR and Turkey will contribute to the peace of the region and the world and that Turkey was determined to protect its relations with the USSR from the fluctuations in the international arena.

Ozal pointed out that responsibility for eliminating the tension between East and West falls on the two big nuclear powers and that by the same token Turkey welcomed the resumption of the arms limitation talks between the USSR and the United States in Geneva next month.

#### Terrorism

Ozal, in reference to terrorism, said that all countries should assume an open and definite stand against terror and the political activity that attempts to justify it as well as cooperate against it.

Ozal called attention to Greece's evasion of talks with Turkey and said: "It is regretful that Greece persistently evades any dialogue with Turkey and follows a policy of tension in its relations with Turkey. The issues of the Aegean can only be resolved by just solutions that take into consideration the right and interests of both countries. On the other hand, Greece, beyond its evasion of discussions, is also attempting to change the status quo in the Aegean through a policy of gradual deterioration and faits accomplis. Turkey

will definitely stand firm against all faits accomplis aimed at upsetting the status of the Aegean established by international agreements."

On the Cyprus Question, Ozal said: "Turkey favors a bilateral, two-community federated solution that will protect the independence, integrity and non-aligned policy of Cyprus as well as insure the security and political equality of the Turkish Cypriots."

Expressing Turkey's regret over the continued tension in the Middle East, Ozal said that the Palestinian issue was at the core of the problem and that the Palestinian peoples' demands and legitimate rights should be taken into account if peace and tranquillity are to be established in the region.

#### New Potentials

Tikhonov, in a speech made before Ozal's banquet yesterday evening, pointed out that his talks with Ozal will lead to the tapping of new potentials for Soviet-Turkish cooperation that can be extended into the next century. He said: "There is great benefit in doing everything that can be done to take us into the third millenium under a strong banner of peace."

Tikhonov observed that in the period following the friendship and cooperation agreement between the Soviets and Turkey there were periods of both sunny and cloudy skies in the relations between the two countries. He said: "Good-neighborly relations and mutual respect are the two elements that are in perfect harmony with the desires of the two countries' peoples to live in peace and security."

Tikhonov, referring to the initiation of Soviet-Turkish relations by Lenin and Ataturk, said of discussions held during his visit: "Honorable prime minister, the talks we have initiated with you today, the agreement signed some time ago on the delivery of natural gas from the Soviet Union to Turkey and the new documents to be signed in connection with the development of economic and trade relations provide us with grounds to say that new potential has been found for Soviet Turkish cooperation to make inroads into the next century. The 21st century is not too far off. There is great importance in doing everything possible now to enter the third millenium under a strong banner of peace."

Tikhonov expressed serious concern over the international situation. He noted that this is especially true for the European continent and added: "We feel that Turkey cannot be indifferent to the events in this continent because the two countries belong both to Asia and Europe, and this is their common characteristic. Unfortunately, grave harm has been done to the European security issue and the detente process in the last few years. Obstacles to the development of balanced economic relations have accumulated and the danger of armed confrontation has seriously increased. The Soviet Union and its allies are not to be blamed for this. We have clearly warned of the consequences of the deployment of new American missiles in Western Europe. We have reiterated that we shall not allow those banking on establishing military superiority to do so."

"Is there a real possibility to take a turn for the better in European and in general international relations? It is our profound conviction that there is. The question is to take advantage of it."

### Peace in Space

Tikhonov expressed his views on world politics as follows: "We are sure that if other nuclear nations assume the responsibility of not using nuclear arms first, following the example of the Soviet Union, there would be considerable relaxation of the world tension. This would strengthen the climate of confidence that the world so much needs today. A strong stimulus would be provided for mutual efforts in search of a solution to a nuclear confrontation. As Konstantin Ustinovich Chernenko, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, has suggested, a significant step would be taken on the path to determining rules of action between nuclear nations.

"The question of preventing the militarization of space is on the current agenda with all its importance. It is not difficult to understand why. Unless a secure deterrent is found to this, the introduction of arms into space will move the arms race in new directions with a new incentive. As a result, the danger of war will seriously increase.

"The continuation of the dangerous situation in the Near East on their immediate borders will not make the Soviet Union or Turkey feel at ease. The Soviet Union supports a just and comprehensive solution to the Near East question through a conference on the issue with the participation of all concerned parties including the Palestine Liberation Organization."

Tikhonov, pointing out that the USSR favors a solution to the Cyprus question on the basis of existing UN resolutions, without outside intervention and taking into consideration the legitimate interests of the two communities, by peaceful means, said that Soviet and Turkish approaches to regional problems are close and similar.

Tikhonov concluded his speech as follows: "In our opinion, all conflicts, whether they are in the Mediterranean, in south Africa or in Central America, should be resolved through peaceful means and negotiations. Although the Soviet Union and Turkey belong to different blocs, there are real grounds between the two countries for cooperation in various fields.

"We note with pleasure that the Soviet Union's and Turkey's approaches to a series of regional issues are close or even identical. We differ on certain other subjects. This is only further evidence that we should increase our efforts to find a common language for current basic issues."

Ozal during private talks between the two prime ministers, demanded that Turkish fishermen be allowed to fish in the Soviet economic zone. Tikhonov announced that a Turkish fishing vessel caught fishing in Soviet waters had been released by the Soviet Government as a gesture of good will. He also stated that necessary studies will be made for allowing Turkish fishing

vessels in the Soviet economic zone and that the Turkish Government will be informed of the outcome.

According to information received from the meeting between the Turkish and USSR delegation, Tikhonov, in the speech he made at the meeting, said: "The USSR is loyal to the spirit of agreements on nonintervention in internal affairs, friendship and good-neighborly relations signed with Turkey in 1972 and 1978."

Tikhonov added: "In particular, relations between the USSR and the United States are going through a delicate period. However, it is impossible for us to allow an American superiority within the world balance. The situation in the Mediterranean shows signs of distressing developments. The deployment of missiles in Italy makes us uncomfortable."

Prime Minister Ozal responded to Tikhonov, saying: "Between our two countries, territorial integrity, independence and noninterference in internal affairs is of the essence. I feel that a new phase in our relations is now open with the natural gas agreement. Why should we not exceed \$6 billion in trade volume in 5 years?"

During the discussions, Tikhonov invited Ozal to visit Moscow. Ozal said that he accepted this invitation with pleasure. The agreement between the two countries will be signed today.

9834

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14 March 1985

POLITICAL

TURKEY

## HALEFOGLU, KONSTANTINOV MEET ON BULGARIAN TURK ISSUE

Istanbul CUMHURİYET in Turkish 20 Feb 85 pp 11,12

[Text] Ankara (CUMHURİYET Bureau) - The Minister of Foreign Affairs, Vahit Halefoglu, received yesterday at the Ministry of Foreign Affairs the Bulgarian ambassador to Ankara, Argur Konstantinov, and conferred with him for some time, asking that members of the press and diplomats be allowed to visit and freely investigate Turkish villages in Bulgaria. As for Konstantinov, he characterized news in the Turkish press regarding the "issue" as being "intentional" and said that no pressures were exerted in Bulgaria to make Turks change their names, claiming that they did so voluntarily.

The TBMM [Turkish Grand National Assembly] today will hold a closed session in connection with the situation of Turks in Bulgaria. HP [Populist Party] members of parliament submitted a petition to the TBMM president's office for the videotape of the Bulgarian refugees' meeting in Corlu last January, describing the pressures exerted in Bulgaria, to be shown.

The meeting between the Minister of Foreign Affairs Halefoglu and the Bulgarian Ambassador Konstantinov lasted about 50 minutes. It was noted that Konstantinov looked nervous as he left the Ministry.

The minister of foreign affairs, who pointed out that the name changing of Turkish minorities was a fact, told the ambassador that the claim that they went through this formality voluntarily conflicted with the news reaching Turkey and the world.

During the meeting Halefoglu told Konstantinov that Turkey, taking into account good neighborly relations, strove to keep a "coolheaded" and "measured" attitude and carefully avoided arousing public opinion, but that at the same time, in view of the news published in the world press, it would not be possible to ignore the Turkish press and public opinion.

The minister of foreign affairs let the Bulgarian ambassador know that the government was ready to solve all the issues "through negotiations," including that of their Turkish countrymen's emigration back to Turkey within the framework of agreements.



Furthermore, Halefoglu stated that the best way for the Bulgarian side to demolish the various claims would be to allow members of the Turkish and foreign press to visit the region freely.

At the end of the meeting, which took place in Halefoglu's office at the ministry, the Bulgarian ambassador to Ankara, Konstantinov, said that news to the effect that pressures were exerted on Turkish minorities was unfounded, that such news was spread "intentionally" by circles wishing to ruin Turkish-Bulgarian relations, and that names were changed voluntarily.

According to information obtained from officials of the Ministry of Foreign Affairs, during the meeting Halefoglu let the Bulgarian ambassador know in no uncertain terms that exerting the aforesaid pressures amounted in fact to the Bulgarians' "trampling underfoot three fundamental agreements." Those agreements being "The Turkish-Bulgarian Friendship Agreement," signed in 1925, "The Paris Peace Agreement," signed in 1947 and the "Helsinki Final Act", on which the signatures of Turkey and Bulgaria appear together with those of many other countries.

According to the information obtained, the future of Turkish-Bulgarian relations will be clarified after the TBMM's session of today and subsequent sessions of the Cabinet and of the National Security Council on this issue.

On the other hand, in a statement which the MDP [Nationalist Democratic Party] Bitlis deputy, Kamran Inan, made to ANKA [Ankara News Agency], he declared that: "In view of recent developments the government must oppose solutions leading to our countrymen in Bulgaria being forced or led to emigrate." Inan also characterized the stance adopted by Bulgaria, at a time when Greece is a threat to peace in the Aegean, as "giving pause for thought" and he said that Bulgaria has aligned itself with Athens in its stance toward Turkey.

While Premier Ozal, as he briefed the ANAP [Motherland Party] group on events in Bulgaria, said: "If necessary, we will accept all the Turks in Bulgaria as emigrants. And we conveyed this information to all the parties concerned."

12278

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POLITICAL

TURKEY

ILICAK ON GREEK CLAIMS OF TURKISH THREAT, WAR

Istanbul TERCUMAN in Turkish 20 Feb 85 pp 1,10

[Article by Nazli Ilıcak "Turkish-Greek Conflict...And War"]

[Text] Greece might attempt to confront Turkey with a fait accompli. Its efforts to extend its territorial waters from 6 to 12 miles, its attempts to establish a 10 mile air space, its concentration of armed forces and its construction of airfields on the Aegean islands in defiance of treaties, its striving to compensate for the Turkish army's numerical superiority by engaging in an arms race for technological superiority following the Cyprus operation, are the main features of the threat levelled at Turkey.

In the years following the Cyprus operation, while Turkey was in the throes of governmental crises and weakened by the embargo the U.S.A. imposed, Greece shook off the rule of the junta, and having achieved stability with its new constitution it accelerated its rearmament. And the fact that after 12 July Turkey's regime was viewed as controversial by the West also served the interests of Greece, which opposed us even more forcefully on every single one of our issues in international forums. If one adds to this the West's historical awe of Greece, its being a member of the Common Market and our own "unusual regime," chances for Turkey's voice to be heard became rather limited.

As the MDP [Nationalist Democratic Party] deputy Kamran Inan noted, Greece is implementing Israel's method toward Turkey by equipping its armed forces with high technology bombers, Exocet missiles, Leopard tanks, etc.

Turkish Threat (!)...

Greece uses the Turkish threat as a pretext and claims that it is arming not for aggression but for defense.

From 1923 to this day Turkey has not displayed any behavior that contradicted its principle of "Peace at home, peace in the world," and in the last 60 years, aside from the Cyprus operation performed to protect the rights of the Turkish population of Cyprus on the basis of existing treaties, it has not initiated any military operation.

Greece's pretext of "self-defense" is a totally false and fictitious one. Its real aim is to achieve the strength to impose on Turkey its fait accompli in the Aegean. Undoubtedly the 500,000 strong Turkish army is numerically superior to the 170,000 strong Greek army. But when numerical superiority is not backed by technological superiority, it is not sufficient. Greece has initiated a \$10 billion armament plan, with \$3 billion for the air force and \$7 billion for the army and navy and is negotiating at present the purchase of F-18 and Mirage 2000 aircraft. Experts believe that in case of a conflict between Turkey and Greece most of the fighting will be done by the air force and partly by the navy, while the army will play a more limited role.

And that is why, in the period that lies ahead, Turkey will have to make an additional sacrifice and modernize its air force and navy. Our experts are of the opinion that the 7 to 10 proportion in the aid extended to Greece and Turkey puts our country at a disadvantage, and they are looking for a new balance beyond the existing one, corresponding to our population and the numbers of recruits in our armed forces.

#### Arms Race

The arms race into which Greece is drawing us will take a heavy toll on Turkey, which is already suffering from economic difficulties. If one thinks that only 1.5% of the budget of a country like Japan is set aside for national defense since World War II, that years of peace far from battles and conflicts lie chiefly at the root of the Swedish miracle, it is easier to understand the importance of the 860 billion Turkish liras allocated to national defense out of the Turkish Republic's 5.5 trillion budget. Turkey is now planning to spend about \$3 billion in addition to that amount in order to speed up its efforts to modernize its armed forces.

Those who are unwilling to consider war cannot enforce peace. It is sad that the frantic rearmament of our so-called ally, Greece, at a rate which is a threat to peace for Turkey and consequently for the world, is taking place on the eve of the efforts toward the Western Alliance which it could weaken.

Turkey has repeatedly stated that the 12 mile territorial limit, which would turn the Aegean into a Greek lake, would be viewed as a cause for war. Whereas Greece is attempting step by step to get closer to that aim. A war between Turkey and Greece would not be a limited one like the Iran-Iraq war; it would not only bring great calamities to both nations but it would also have wide repercussions in the West.

A return to the era of friendship established between Ataturk and Venizelos would not only conform to the inclinations of the Turkish and Greek people, it is also essential to NATO's viability.

POLITICAL

TURKEY

# GREEK DEMANDS PUT IN CONTEXT OF TURKISH-EUROPEAN RELATIONS

Istanbul TERCUMAN in Turkish 20 Feb 85 p 4

[Article by Professor Fahir Armaoglu "Turkish-Greek Tensions"]

[Text] As Papandreou gives another accolade to Moscow from whence he only just returned, by delaying his planned trip to China in two weeks, tensions in Turco-Greek relations are entering a new phase. And those tensions are also putting Turkish-American relations on the agenda once more.

During its 26 January meeting the National Security Council debated the issue of Greece and settled on various gradual measures against that nation, whose "eccentric" behavior keeps getting worse. But it appears that this hardening of Turkey's stance, instead of acting as a warning to our "spoilt" and "volatile" neighbor, did not deter Greece from coming dangerously close to a series of hazardous adventures. For that reason the 16-17 February meetings on "The Cooperation Between Army And Government" (as if there had ever been a break), concentrated on potential developments in case of some Papandreou madness and on what Turkey would do under the circumstances. The fact is that Papandreou is pushing Turkish-Greek relations to the brink of an abyss. Recent history is full of examples of how high the cost of such mistakes was for Greece. Let us not give another blow to Greek pride by listing them here.

What does Papandreou want?

A few day's before the Greek premier's visit to Moscow, at the end of the first week of February, he said the following to a visiting commission from the American Ministry of Defense (The Pentagon): "The very bad atmosphere prevailing in Greek-American relations will improve when the U.S.A. persuades Turkey to accept Greece's demands," which he listed as follows:

1. To accept that Greece alone will be responsible for the safety of Aegean air space.
2. To accept a 10 mile air space for Greece in the Aegean.
3. That Turkey and NATO must accept, in accordance with the agreement of Montreux, Greece's right (!) to arm Limnos.

4. That Turkish military planes flying in international air space over the Aegean should notify the Athens FIR [Flight Information Region]. Because the Athens FIR is responsible on that score.

Let us immediately point out that this is the first time that Greece has listed its "claims" so openly and brazenly before the United States. Naturally it is also addressing itself to Turkey at the same time. And consequently this literally acquires the significance of an "ultimatum."

There is no doubt that the reason for Greece so openly defying the United States is its double-dealing with Athens and Ankara. As we keep repeating, the United States has always played Athens against Ankara and Ankara against Athens and continues to do so. It is Turkey who is the loser in this game. Because Turkey does not stand to benefit from it. The best example of this is that the aid to be extended by America for 1986 has only been increased by \$10 million in comparison to 1985 and is tightly held to the 10 to 7 ratio.

While the latest example of this American game is the disclosure, in the wake of the news related to Greek claims, that army and navy bases in Greece will be transferred to Turkey in 1988. Is Turkey then an American colony, that it can whenever and wherever it pleases transfer its bases to Turkish territory? Did it make a military or political agreement with the Turkish government? Or did it get the green light from Turkey?

On the other hand what does America think of Papandreou's four demands? Does it distinguish the right from the wrong? Why does it avoid expressing a clear and definite opinion?

Turkey is going through a period during which it must be particularly careful in its relations with Greece and the United States. The Turkish government has to be particularly careful not to find itself squeezed in the Athens-Washington-Ankara triangle. It must get its neck out of that noose.

We have to reiterate this once again, that our becoming largely dependent on the United States in the past few years has also led to the deterioration of our relations with Western Europe. We have to remedy this situation. It is not in our power to "better" Turkish-American relations. However, it is in our power to establish closer relations with Western Europe. The words of the British Foreign Minister, Sir Geoffrey, in Ankara must ring louder in our ears.

12278

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MILITARY

BELGIUM

#### PLANS TO PURCHASE 46 HELICOPTERS FOR ARMY

Brussels LA LIBRE BELGIQUE in French 29 Jan 85 pp 1,3

[Article by Michel Mathot: "First the Jeeps, Now the Choppers"]

[Text] The file on helicopters for the army looks like a real steal.

The minister of National Defense had been waiting for the endless business of the jeeps to be concluded before starting up an extremely tough case, that of the purchase of 46 combat helicopters for the army.

This new resupply had been "urgent" for a long time and had already been set for 1983 in the 10-year reequipment plan. It was put off for budgetary reasons. Specifications were scheduled to be published at the beginning of 1984, but the announcement was continually delayed. Mr Vreven had already been burned by the ruckus kicked up by his jeeps and preferred to have his government colleagues settle in advance the problem of regional economic compensation connected with the helicopters.

The contract is for 12 billion francs. It is a part of general military purchases for purposes of regional economic compensation, and it also involves a particularly sought-after industry: aeronautics.

At the time of discussions relative to the purchase of extra F-16 fighter planes and the Belgian contribution to Airbus, FLAG [Flemish Aerospace Group] and the Flemish Region had gone so far as to demand all the compensation connected with the helicopters.

Now the ministers in charge of distributing economic compensation are said to be near agreement on a share of about 35 percent for Wallonia and 65 percent for Flanders, because the aircraft were to be assembled in the southern part of the country. At least theoretically, because...

#### The Military Problem

All these preliminary discussions raise the risk, as they often do, of making people forget the very purpose of the operation, which is to meet a military need.

The program of "air mobility" is nonetheless affected both in Belgium and in NATO by the index of "No 1 priority." It involves the acquisition of 46 helicopters: 28 antitank helicopters with armament and 18 observation helicopters. They are, therefore, not only intended to replace part of the Alouette 11 fleet, the oldest of which are some 25 years old, but especially to add a new dimension to helicopter use: antitank defense.

The market will thus involve an aircraft that is initially "multipurpose" and that can be equipped for the particular missions assigned to it. Some 12 billion francs are budgeted for this purpose; part of it will cover the antitank armament and missiles, but the sum will hardly allow for the purchase of two different, "specialized" aircraft.

Within the army the debate remains discreetly open on the actual use of helicopters in antitank warfare. That will not make the discussions any easier, even if the purchase and its urgency are taken for granted.

In any case, the debate has been on "semi-officially" for more than a year. Most of the candidates in the market have trumpeted their proposans or descreetly let them be known, have make more or less discreet agreements with Flimish and Wallon firms, and tried to guess, which is hard to do, the formulas most likely to fit the economic and military needs still under discussion.

#### Shoot First

The purchase of the jeeps and helicopters are not connected, but now that the jeep interlude is over, the stage is almost set for some serious official action.

In the next few days the official letting of bids is expected from the ministry of National Defense. It will progagly be followed by an initial "broadside" from the Flemish Region. Mr Geens seems to be waiting for the official kickoff to play his Sikorsky card,

It concerns the proposal to set up a helicopter factory in Flanders, one that would build the S-76's that would be bought by the Belgian government; the plant would also be associated with the export of this type of aircraft. Not everybody is taking this project seriously, not even FLAG, it seems, but you never can tell.

However, it is at least an excellent way to restart the national debate on regional compensation, because if Mr Geens is criticized for wanting to create new industrial capacity in Flanders, contrary to the agreement with the government, it will do him no good to reply that Mr Maystadt is doing the same thing with his telephone exchanges (ACEC [Charleroi Electrical Engineering Shops]-Ericsson). The debate is off and running again.

More will be known in the next few days, because new proposals will not fail to come in, and the national and industrial debate will become more intense.

Will it be a new "jeep affair"? That was just a teacup next to the samovar-sized tempest that is brewing. The debate will very likely not fly much higher than it has, despite its subject.

8782

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MILITARY

DENMARK

# COLONEL URGES ARMED FORCES GIVE PRIORITY TO CLOSE-IN DEFENSE

Copenhagen INFORMATION in Danish 2-3 Feb 85 p 10

[Op Ed Article by Colonel Gunnar Kjaer Kristensen]

[Text] It will be politically necessary and militarily justifiable to give immediate defenses and the reception of reinforcements top priority in the future in contrast to the present situation where there are apparently no priorities in the armed forces as a whole.

On 1 January the defense agreement for 1985-87 went into effect. A great deal has been said and written about this agreement, especially after it was reached, which was too late. A great deal of futile criticism of the hastily-concluded agreement has also been heard from circles within the armed forces and in personal conversations even NATO chiefs have expressed amazement over the downgrading of Danish defense and Danish soldiers that they are hearing from us.

This does not mean that criticism should not be expressed, especially if it could lead to changes.

That is not the case with regard to the defense agreement. Perhaps then it would be better to rally around this agreement, get a good and credible defense system out of it and at the same time start thinking about and discussing the next agreement and later agreements in a spirit of tolerance.

We are too inclined perhaps to criticize our own defense system and its quality and one of the results is that our personnel tend to lose faith, eagerness and enthusiasm. It cannot be otherwise when both the defense chief and his closest assistants express personal disappointment over the agreement without considering the consequences, even if the reaction to unrealistic and unfulfilled personal expectations is irrelevant and a matter of indifference to the defense system.

If we cannot create a credible defense for 12 billion kroner, something must be wrong.



This suggests that it is time for us to look ahead; we owe that to future generations, especially those members who will use their time and energy in the Danish armed forces. Therefore some older people will have to free themselves from memories of the big army, navy and air force that were built up in this country 20 or 30 years ago. We will never have a defense system of that size again in an age when the demand for quality and technological capacity is mounting from day to day.

Military people see a chance for a larger and more expensive conventional defense system if the politicians can push nuclear weapons more into the background. But a substantial increase in defense spending in the western lands will remain unrealistic at a time of spending cuts in the social sector, health services and education and at a time when an attack from the East seems less likely.

Developments are forcing the defense system to make increasingly costly renovations or acquire replacement materiel or entirely new types of materiel that did not even exist before but is now necessary in an up-to-date defense system that must be prepared for the worst eventuality.

It serves no purpose to provide the largest possible defense if its quality is poor and its reserves are limited.

In spite of big personnel cuts through the years we must now realize that the hour of decision for Danish defense is approaching; otherwise the deficiencies will gain the upper hand and become its dominant feature. Then we would be left with a defense system that could not really be used as a whole. Even today units are plagued by shortages. There are shortages of instructors and other permanent personnel, modern materiel, spare parts and ammunition for training purposes and for wartime reserves.

Therefore there must be a reevaluation and a long-term restructuring that cuts across all branches of the service. The clouds on the horizon look ominous. As I mentioned above it is no longer a realistic political solution to dispel them with the help of big budget increases.

The situation will reach the point in a few years that we will be forced to ask ourselves what we really want Danish defense to accomplish. It is better if we get started now on a reevaluation on our own initiative.

In the past the purpose of a defense system was to fight and preferably win battles. What else were military forces for?

Now in the nuclear age when war has become too dangerous and destructive for the European nations, defense and foreign policy must serve primarily to prevent war.

A small country like Denmark with an exposed geographical location cannot do this by itself. It requires allies. And for that reason too we must remain in NATO for the foreseeable future but without jeopardizing our independence as a people and as a nation.

It would be unsatisfactory and dangerous if we simply followed the advice of American, English and French experts who often cannot free themselves from the superpower mentality and do not have the precise acquaintance with the geographic conditions in our sea and land area with the related dangers, possibilities and limitations, not to mention the fact that they do not understand the complicated security policy situation in this country.

NATO membership does not--as some people claim--prevent us from thinking and acting independently nor does it prevent us from building up a defense that suits Danish conditions and the mood and orientation of the Danish people.

Therefore we can and should create a future Danish defense that the Danish people can accept and see the need for.

It should not be hard to convince our allies that such a defense system would strengthen defense resolve and support for NATO among the Danish population.

The war-prevention role is closely tied to the possibility of receiving military help from outside. Preparing and training for this will continue to play a decisive role in Danish security and defense policy in the future. If our defense was not linked to the possibility of getting outside assistance the peacekeeping mission of Danish defense as well as the main reason for our membership in NATO would be eliminated.

It can also be said with certainty that defense in the future should perform its present duties in peacetime in such a way as to maintain Danish sovereignty in air, land and sea territories, operate rescue, surveillance and intelligence services and stay in readiness so that we cannot be occupied by surprise without offering much resistance before we have time to mobilize.

At the moment Danish defense is supposed to control the territory until reinforcements can arrive. If defense is increasingly based on mobilization units at the expense of standing forces, and there seem to be concrete plans to this effect, the reinforcement troops will have to arrive in Denmark at a very early stage in order to protect us while we are mobilizing.

The peacekeeping role and credibility of Danish defense are closely linked to the ability of society as a whole to resist a land attack and on the ability of the defense system itself to limit the losses and destruction suffered by the nation as much as possible.

Without fighting power defense cannot prevent war nor can it insure that we will not be exposed to political pressure.

Therefore the most important thing for the people should be that Danish defense is able in the future to protect Danish society as far as possible in peacetime, wartime and times of crisis.

This requires not only giving a priority to tasks on an interservice basis but setting priorities in total defense, military defense, civil defense and civilian preparedness.

In the past we in the armed forces have acted to keep peace among the various services by setting branch priorities in the usual formal order, army, navy and air force, according to the seniority principle, as follows:

In the army emphasis has been given to defending the Jutland peninsula; in the navy emphasis has been given to defense of the islands and the access channels to the Baltic; and in the air force all types of air defense have been emphasized.

This says something about priorities within the individual services but not about overall priorities and the whole thing is quite meaningless to the public. We have already reached a point where the only way to conduct an objective defense policy debate is to apply broad interservice considerations, as in the occasionally disconnected discussion on submarines.

If the superordinate consideration is for the people and society, our air defense system must have top priority in the future. Air defense also guarantees receiving reinforcements. This realization is already reflected in the new defense agreement which allocates 2 billion kroner to more new air force materiel--more F-16's, more medium-range antiaircraft missiles, new antiaircraft systems for the army and an improvement of the self-protective systems on ships.

At the same time a compromise was reached on defense, an agreement on civil defense was also reached, which should be viewed in this context and which involved budget increases of 60 million kroner a year.

Thus these decisions are steps in the right direction. This line must be continued for even in light of the improvements decided on, our air defense and civil defense are too poor when we think of Denmark's exposed position in the world.

Even more air defense missiles, an even better civil defense--that can also protect the people from gas attacks--and new mobile radar stations for the purpose of warning us and keeping an eye on things, as a supplement to the present fixed and vulnerable stations, will be demands we will be unable to avoid in future defense agreements.

Social considerations also require protection of vital functions of the structure of society: gas installations, electric plants, airports, bridges, the communications network, railroads, etc., all of which must be protected from airborne or seaborne landing forces.

This requires a strong, good and efficient home guard backed up by local regular army forces, including effective units on the islands to prevent an enemy occupation.

Therefore in the future the home guard should have air defense weapons, especially against helicopters, mobile anti-tank units and small rapid ships with short-range missiles.

Civilian traffic between different parts of the country must also be safeguarded, which also requires air defense and a considerable mineclearing capacity. It is necessary that supplies can be brought in to Sjaelland for the civilian population. Thus new modern mine detectors are a high-priority requirement for Danish defense. Only three old minesweepers with outmoded equipment will be available before long.

A cheap and effective weapon is still ocean mines, which when placed in territorial waters up to 3 nautical miles from our coast would inflict substantial losses on an amphibious force. Laying mines involves utilizing our geographic advantages and benefiting from the sizable moat which the Baltic Sea represents in defending the Danish islands.

Air defense, civil defense, local defense in the broadest sense of the term, the home guard, mines and minesweepers are therefore the things that would best serve the interests of the people. These defense measures and the assertion of our sovereignty in peacetime undoubtedly have the support of the people to a much greater extent than NATO membership.

Such a minimum defense could be called inner and adjacent defense or the core of Danish defense. It would be politically necessary and militarily justifiable to give this close-in or more defensive approach along with the reception of reinforcements the highest priority in the future in contrast to the present when there do not seem to be any real priorities for total defense. We have emphasized the so-called advance defense, but that is no longer viable.

Nearby defenses should be put in order before we spread our forces beyond the Danish sea and land area.

But such a minimum defense is inadequate from both a Danish and an allied point of view. With such a defense a war will inevitably be fought on Danish soil.

It would also place too great a burden on the reinforcements that might have to come to our aid and they could easily arrive too late--when everything is all over.

Therefore it is in the interests of both our own people and our allies that in addition to the defense core mentioned above we set up a shield or a shell that can take the first blow before it reaches Danish territory.

At the very least the defense of Jutland must continue to be located in Schleswig-Holstein and should be strengthened so that the three Jutland brigades under a Jutland division can mount a defensive struggle side by side and on an equal footing with the German forces in that area south of the Kieler Canal. It is an advantage for the Danish--and German--people to have an attack halted at the inner German border. That is the Danish rampart of our day. Once Jutland has been occupied, there would not be many days left for the islands.

Denmark's air defense could also be advantageously moved outside Danish territory with the help of our F-16 planes to cut down the number of attack planes that get through to the smallest possible level. In the more long-term perspective anti-missile defenses should be mounted around especially vital targets, something our larger navy ships are equipped to do. It would be very expensive, virtually impossible in fact, to safeguard the entire country in this way and money for this purpose would be better spent on improving civil defense.

In a similar way the mine fields near our coasts could be supplemented to good effect with fields outside Danish territorial waters.

The geographic conditions combined with technological developments also make it possible to use Harpoon missiles (with a range of around 100 km) and a missile artillery (range around 30-40 km) aimed at ships. It would be stupid of us not to make use of this possibility, perhaps including Bornholm as well. To promote balance small ships equipped with Harpoon missiles should also be maintained.

It would be equally unwise not to be able to use our F-16 planes against ship targets in the Baltic, which would require new target-seeking missiles.

To carry out the defense ideas and the military and political priority on close-in defense outlined here, more forces must be provided and more materiel acquired for various supplemental efforts than mentioned above, such as surveillance craft, modern communications equipment, unmanned small planes for reconnaissance, cheap target-seeking weapons and equipment for fighting in the dark. New equipment is eliminating the difference between night and day for soldiers, although Danish soldiers still do not have adequate supplies. And reserves must also be built up.

With a clear priority on close-in defense the defense core can be put in order within the defense budgets we are familiar with today.

The budgets will--and should--also make it possible to establish an advance defense shell around Denmark with priority on air defense and defense of the Jutland peninsula.

The economic resources must determine how far we can go. NATO's advance strategy sets no fixed boundaries in the Baltic, so we have a free hand in that area too.

Perhaps it should be noted here that none of this will matter if there are officers in the defense leadership in the future on whom one cannot rely. That would not benefit the people. Defense credibility could be lost for that reason alone. Then billions of kroner would have been wasted.

If in the next 20-30 years any results come out of the detente and arms control efforts, the Danish contribution to this could be to pull back the defense shell in and over the Baltic Sea, maybe even all the way to Danish territorial waters, without weakening our close-in defenses.

Thus defense in the future must be based primarily on a fixed and solid internal defense core. If we do that we will still have a defense 100 years from now. If we fail to do this the costs will be unacceptably high and the public may go back to asking, "Is there any use to this?" and answer in the negative.

The flexibility and lower priorities should be found in the defense shell--the larger or smaller, more expensive or cheaper, stronger or weaker advance defense outside Danish areas. If anything has to be cut for economic reasons or as the result of a balanced arms reduction it should be here. As long as we have close-in defense and the defenses in Schleswig-Holstein in order credibility and public support can be maintained.

6578

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MILITARY

DENMARK

## SCHOLAR ASSESSES REASONS FOR COLLAPSING SECURITY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 22 Jan 85 pp 10-11

[Op Ed Article by Wilhelm Christmas-Møller, lecturer, cand. mag. [M.A.]:  
"Security Policy Mess"]

[Text] Wilhelm Christmas-Møller is a historian and in 1983 he published "Christmas-Møller's politiske læreår" [Christmas-Møller's Political Apprenticeship], the first volume of a complete biography. He has dealt with security policy problems in newspaper articles and in other contexts.

The security policy debate could appear as a ping-pong game with the Social Democratic Party as the active player. But this immediate impression does not last, this feature writer maintains, who stresses longer lines in Denmark's security policy as far more decisive.

Since 1979 there has been a dispute between the Social Democratic Party and the non-socialist parties regarding Denmark's security policy. It was various attitudes toward NATO's two-track resolution regarding the deployment of missiles and arms reduction talks which made the 30-year-old consensus break down.

In the years to follow the conflict developed into more general disagreement regarding the future security policy, and gradually the plans regarding Scandinavia as a nuclear-weapons-free zone came to play a decisive role. The disagreement became established in more than a dozen resolutions, and in the course of the last year relations between the Folketing majority and the government have developed into something rather chaotic: Both sides express the great importance they attach to the issue. All the same, the government just remains in power at the same time as it plainly in word and deed demonstrates its disapproval of the policy which the majority wants to force on it. Conversely, the Folketing majority of course knows that the government is not acting up to the spirit and purpose of the resolutions, but the majority is letting things slide without submitting the vote of no confidence which should be the parliamentary consequence of the situation.

For large parts of the public the conflict has certainly come as a surprise. Many have had difficulty in understanding how the security policy coalition could break down so quickly. It has been so much easier to accept the non-socialist claim that the Social Democratic Party--frustrated in the uncus-tomary opposition role--is playing ping-pong with the country's security in order to irritate the government.

The claim seems specious. It just does not hold up. In order to understand the development from the consensus of many years to the present parliamentary mess, it is necessary, first, to analyze the basis for the security policy cooperation between the parties from 1949 to 1979 and, second, to look at the individual member countries' possibilities of conducting an individual policy in successive periods within NATO's framework, and, third, to become acquainted with the special conditions which apply to the origin and conduct of foreign policy in general.

The party politics disagreement which broke out openly in 1979 had lain waiting beneath the surface every year since 1949. On several occasions it found expression in considerable differences of opinion.

These never concerned NATO membership itself. They also do not today. The disagreement concerned the policy Denmark could and should conduct within the alliance's framework: Could Denmark give its alliance policy an individual profile, or was the country forced to--in the name of solidarity--follow the superior NATO policy in every respect?

The latter was the opinion of the non-socialists. However, the Social Democratic Party found it expedient and possible to give Denmark's alliance policy a form which paid regard to the special conditions which prevail in the Scandinavian region. As a rule, it was the Social Democratic viewpoints which won. The result was a line which goes by the name "the low profile." Its most characteristic decisions are the base reservation and the nuclear policy, both of which were made against the wishes of the non-socialists.

Denmark was not alone in this policy. On the contrary, it was closely in tune with Norway's, and without this cooperation it hardly would have been possible. An important precondition was presumably the fact that Social Democratic led governments were in power most of the time in both countries. Usually this aspect of the Danish-Norwegian alliance policy is assessed as a positive contribution to detente, which together with Swedish alliance freedom is the main reason that it has been possible to maintain Scandinavia as a low-tension region. This policy did not result in an open dispute between the NATO parties, because these agreed--all differences of opinion aside--to preserve the higher-level consensus regarding the security policy.

The agreement was accordingly established, largely speaking, on the Social Democratic Party's terms. For everyone knew that it was first and foremost among the Social Democratic Party's voter corps that skepticism regarding NATO prevailed. Precisely for this reason it was the Social Democratic Party and not the non-socialists which in the final end was a guarantee of the fact that there would be a majority among the people behind the policy conducted.



It was for this reason also the Social Democratic Party which best could assess how long Denmark could comply with NATO's demands without this majority's being lost. There is reason to assume that this, with non-socialist acceptance, established political parliamentary practice in the specific shaping of the security policy to a large extent contributed to ensuring relative calm regarding the question among the people in the 30 years the cooperation lasted. This concession of the non-socialist parties was accordingly one precondition for the cooperation and for the fact that the security policy for 30 years was not made an object of greater politicization among the people.

The second precondition was the freedom to act for national shaping of the alliance policy, which for many years was a possibility within NATO's framework.

NATO's policy is two-pronged. The alliance aims at both security through arming and detente through negotiation. Gradually as integration within the alliance has progressed--determined by technological and strategic changes derived from the technological--and along with arming itself having become the reason for more than a symptom of tensions, it has, however, become more difficult to pursue both goals at once.

This situation showed itself in the structure of the two-track resolution. Here the arming and detente aspects were summed up as one in a way that it was a question of an either/or situation. This equivocation smashed the cooperation regarding the security policy to pieces, because it forced a choice between the detente aspect, which the Social Democratic Party had always prioritized highest, and the arming aspect, which the non-socialists placed most emphasis on. By linking the two aspects together so that one would rule out the other, it was no longer possible to encapsulate the party politics differences of opinion which had prevailed all the time between the Social Democratic Party on one side and the non-socialists on the other.

A similar situation is behind the disagreement regarding Scandinavia as a nuclear-weapons-free zone. The question has become topical because the reinforcement policy has made the original objective with the base reservation and nuclear weapons policy illusory. When these resolutions came into existence, one operated with two situations--peace and war. It was Denmark's most important contribution to detente that foreign troops or nuclear weapons would not be stationed in Danish territory in peace time. Over and above this, the philosophy was presumably to the effect that NATO's deterrent would function and that the other possible situation--war--for this reason would not take place.

Today the zone discussion, however, concerns neither peace nor war, but the situation which will prevail in the event of an international crisis. It is precisely during a crisis that there can become a question of bringing foreign troops and possibly nuclear weapons to Danish territory. Such a move will ostensibly take place as an armed forces and security policy objective. On the part of NATO it will be a step up the deterrent ladder that this will be perceived by the other side--quite correctly--as an increase in the threat.

Such a move will accordingly have a distinctly tension-increasing effect, at that, at a time when the need for a relaxation of tensions initiative is greatest of all.

If to this is added the fact that the reason for an international crisis--such as the political map of the world looks today--presumably will be found outside of Europe, the supplying of reinforcements can come to function as precisely the link which contributes to a local conflict's spreading. The base and nuclear weapons policy, which was originally formulated as a contribution to keeping the level of tensions in Northern Europe down, can with the introduction of a crisis situation and its action possibilities increase the tension.

In the recently published "Management Report" we received the American experts' word that NATO will not respect Danish freedom from nuclear weapons if war has first broken out--we have to believe this then--but a zone's significance lies in its contribution to preventing escalation in a high-tension crisis period.

The pressure which Denmark is exposed to today in this question from American quarters and from NATO shows that the freedom to act which there formerly was for individual shaping of the alliance policy has shriveled--has perhaps been completely dissolved.

If Denmark wants under the new conditions, too, to maintain the detente line, this can presumably happen today only by revolting against part of the alliance's policy with footnotes and by entering into closer cooperation with other member countries in which similar viewpoints are about to become generally accepted. In other words, the policy of detente within NATO's framework has come upon more difficult circumstances and this has contributed to the internal party politics dispute here at home and in addition in several other member countries, too.

That this party politics dispute during the last year has developed into a parliamentary mess, a part of the explanation is to be found in the special conditions applying to the foreign policy area.

Many years after domestic policy had been democratized, foreign policy maintained its royal prerogative character and was as such deprived of control by Parliament. During this century some democratization has certainly taken place. The first step was Parliament's closed meetings during the First World War. The second was the establishment of the Foreign Policy Tribunal in 1923. The interest which both the Folketing and the public has shown in foreign policy questions in the years after the Second World War can be characterized as a third step.

But even today foreign policy differs from domestic policy, as pointed out by Ex-Foreign-Affairs-Minister K.B. Andersen. This is due to some extent to the concern for confidentiality which relations with other States demands, but it is due still more to the fact that foreign policy seldom requires legislation and thereby the Folketing's expressed cooperation.

The administrative and implementing element constitutes an especially large part of this policy area. The conduct of foreign policy consists for the most part in declarations, bilateral or multilateral confidential negotiations, and support for or criticism of events which have taken place. Most of it takes place in closed meetings and often far from Denmark, so the Folketing can only gain the insight into matters which the minister wants to provide.

In practice this means that the foreign affairs minister is very sovereign with regard to the Folketing. He has always been so. However, this has only seldom been a problem, because successive foreign affairs ministers via their practice saw to it that it did not become a problem.

However, it has become one today, because we have the unusual situation that the government's security policy is not in agreement with the Folketing majority's, and because the foreign affairs minister has discovered that this really does not do so terribly much. Therefore, cabinet responsibility has really been suspended in the security policy area.

The Folketing majority has its share of responsibility for this by not wanting to submit a proper vote of no confidence in the foreign affairs minister. This has more than anyone else politicized the security policy by using it in a similar manner in the domestic policy fight, as Estrup used the armed forces policy in the time of the provisional law. Estrup's objective was to fight the Liberal Party. In the short run he was successful. In the long run, his tactic contributed to bringing the armed forces issue into discredit for a couple of generations.

Ellemann-Jensen's purpose is another one. As the Liberal Party's leader he must give his party a much needed facelift in comparison with the Conservatives. For this he is using the security policy, which it is generally the accepted view to raise over party campaigns, and with his interpretations of the prime minister's opening speech he is smashing to pieces the opportunity for an understanding with the Social Democratic Party. He is permitted to do this, because a strong government head is strong only as long as he does not poke his nose into his area ministers' arrangements.

It is possible that the foreign affairs minister in the short run will be successful with his project, and it is conceivable that his tactic will have the same longterm effect on the security policy as Estrup's had on the armed forces policy.

8985

CSO: 3613/89

MILITARY

FINLAND

PAPER DISCUSSES IMPACT OF SOVIET MISSILE INCURSION

Helsinki UUSI SUOMI in Finnish 15 Jan 85 p 2

[Editorial: "Closing the Books on Missile Controversy"]

[Text] Defense forces' commander Jaakko Valtanen made a certain kind of evaluation of the Lake Inari missile incident at the opening ceremonies of the national defense course. There was a need for a recapitulation of this sort, even though it contained no new information.

General Valtanen ran through the different stages of the incident and proved that the defense forces succeeded in their surveillance task. Information advanced in the standard sequence to the highest levels of leadership when the supreme command of the defense forces also received word of the incident. Information was transmitted along the standard route to the border patrol establishment as well.

It was appropriate to be reminded by the military leadership that during a state of profound peace there is no reason to wait "with your finger on the trigger" for possible airspace violators. The task of an identification flight is only to direct a possible trespasser out of the airspace. A decision by the defense minister is always needed to open fire in peacetime. When it is a question of flying, this rule in practice eliminates the use of violence from the picture. This kind of arrangement would nearly always take so much time that the airspace violator would manage to escape.

As a matter of fact, of the criticism directed at the authorities due to the missile controversy Valtanen recognizes as justified only that management of the international journalists on the scene might perhaps have been more efficient. At the same time he also showed how the affair should have been managed. The border patrol's communication system is very limited and, in addition, its experience with the international press is pretty much nonexistent. Borrowing a press secretary either from the staff of the commander-in-chief or the Foreign Affairs Ministry would have been sensible.

Even now a lot of question marks hang over the events at Lake Inari. In some respects, the matter is still in the investigation stage and, on the other hand, exhaustive data on all details of the incident may never be made public for security reasons.

Although the missile's deviation into Finland's airspace was a technical error, it nevertheless jolted the Finns into seeing that this can also happen in peacetime, to say nothing of crises. A fair degree of concern still weighs heavily on the minds of many.

Although surveillance now operates well, there is room for improvement in our system. Although construction of a radar network for the surveillance of low-flying objects is right now coming to a close, the need exists for constant improvement of air defense. Then again, General Valtanen also points out that we cannot concentrate only on airspace surveillance. The credibility of our defense capacity requires an evenhanded development of the various sections of our defense system. There is nothing on the horizon, however, which would indicate that additional resources are on the way. So the lesson and the experience gained from the incident must be carefully used to advantage, whether it be a question of surveillance as such, the transmission of information among authorities and decisionmakers, or keeping both the domestic and international press properly informed. The latter does not even cost very much.

12327

CSO: 3617/63

MILITARY

FINLAND

SCHOLARS, OFFICIALS DEBATE SECURITY POLICY

Helsinki SUOMEN KUVALEHTI in Finnish 18 Jan 85 p 2

[Article by Professor Raimo Vayrynen: "Finland's Security Policy"]

[Text] A handful of scholarly men of peace conduct continuous position warfare the subject of which is Finland's security policy. In the enclosed opportunity to speak, Professor Raimo Vayrynen tries to encircle, among others, Pauli Jarvenpaa, Keijo Korhonen, Rene Nyberg and Jaakko Valtanen.

The use of military power is not a random act; with it, rather, attempts are made to promote the power user's own interests. Recourse to the use of power at that time must produce more benefits than costs. Power has both its political and its military dimensions.

Nor, while pondering the use of military power, can one forget--alongside the material consequences--the political costs. On the other hand, foreign policy measures must be considered from the standpoint of what kinds of military consequences they may have.

In this respect, two mutually opposing tendencies prevail in the world. In order for military power to again become a legitimate tool of foreign policy, it is thought necessary to subordinate it, in the manner of Clausewitz, to political control. This standpoint is represented by envoy Keijo Korhonen in his recent diary: he suggests abandonment of the concept of power politics and adoption of the broader term of political power. The military and diplomatic dimensions would then be seen as different forms of the manifestation of political power.

Crisis of Power Politics

Korhonen's suggestion reflects the crisis of thought in power politics. As a matter of fact, the Clausewitz line of thought leads to a conclusion which opposes nuclear weapons. This conclusion was reached by Hans Morgenthau in his last articles, where he showed that nuclear weapons have severed military measures from their rational relationship to political objectives.

Korhonen agrees in the sense that he considers the use of nuclear weapons between the superpowers unlikely, although he admits it is possible for a European war to escalate into a nuclear war. Then again, Korhonen does not seem to arrive at the Morgenthau concept that in order to put international politics back on the right track we should actively strive to get rid of nuclear weapons.

We can thus arrive at thought and activity in opposition to nuclear weapons from at least two different viewpoints: by means of the peace movement's philosophy and traditional political realism. The nonviolent world offered by the peace movement is the more tempting of these. The problem is, however, that the peace movement's utopia is not sufficiently concrete and is impossible to realize with the current social power relations and patterns of thought.

The criticism of nuclear weapons which originates in thinking about power politics is proof of its own crisis. According to it, characteristic of international politics is the power dilemma in which national states that strengthen their economic and military capacity compete with each other without an effective control system operating above them. This kind of power politics constantly recurs in new settings and does not include the possibility of progress in the manner of the peace movement's thinking.

Making preparations for the use of power leads to anarchy in international politics, which is one source of the security dilemma of states. A second source of this predicament is arms procurement, especially that occurring with nuclear weapons. In fact, the nuclear arms race is based at least partially on its own independent dynamics, which can be controlled only to a limited degree by political means.

Michael Howard has not emphasized without cause that in the age of nuclear weapons the machinery of state has, in the manner of the 1700s, "detached itself from citizens' politics, the severed head automatically continuing its activity and pursuing collaboration with other severed heads in accordance with its own laws."

#### Problem of Legitimacy

Noted as a military historian, Howard has recently stressed that the crisis in nuclear weapon strategies derives from the fact that they are no longer able to positively guarantee citizens of their beneficial effects on security. A security policy without the citizens' acceptance and legitimation does not have, for its part, a lot of importance.

Regarded from this viewpoint, the interaction of citizens and decisionmakers in the shaping of security policy is a prerequisite for a good policy. In this regard, it is also hard to understand Korhonen's thoughts according to which the debate on security policy belongs only to the political elite. According to him, the citizens' activity mostly reflects the greater spiritual sense of being Finnish.

While elevating activity in foreign and security policy into a matter only for the political elite, we nevertheless arrive at a quandary about which Howard

sagaciously warns us. To be sure, the problem of the isolation of security policy decisionmaking is more profound in the superpowers, but as a counter-balance it could be claimed that its acceptability is particularly urgent in the ministates.

The central component of the power politics crisis is the fact that the profundity of the security predicament created by nuclear weapons becomes a threat to the entire traditional setting of power politics. The balance of terror which rests on the nuclear weapon deterrent can still be considered a kind of balance of power that strengthens peace. A glance over the edge of the abyss at the availability and deployment of nuclear weapons reveals the hollowness of power politics based on nuclear weapons.

At this stage, the respectable Clausewitz supporter perceives the need to return to conventional weapons as the source of military power. The military deterrent which rests on their use is not--in the manner of nuclear weapons--a threat to international politics built on competitive national states. It is also believed to be easier to obtain the citizens' approval for a security policy based on conventional armed forces.

#### Conventional Alternative

There are two problems, however, with this line of thought. To begin with, the readiness for use and the destructive power of so-called conventional weapons have increased substantially in the last few decades. Their use in battle will in any case cause wide-ranging destruction, especially if there is also recourse to chemical weapons. The second problem is linked to the fact that a buildup of conventional arms is not an alternative to nuclear weapons but rather its complement.

There is also an ongoing development in which the new generations of conventional weapons are integrated into the plans for deployment of nuclear weapons. This is reflected in the evolution of new methods of attack in conventional warfare (the AirLand Battle doctrine, among others). By integrating the use of conventional, chemical and nuclear weapons, the danger of escalation actually grows.

According to the reliable comments of experts, the new doctrine of conventional warfare may offer the starting point for a conventional deterrent which is independent of nuclear weapon escalation, but more likely it will form the basis of a combat capability in which attempts are made to limit the use of nuclear weapons exclusively to Europe. Thus the buildup of conventional arms as such is no solution to the current security dilemma.

The close connection between conventional and nuclear arms is overlooked by the theoreticians who feel that the buildup of nuclear weapons has actually strengthened the security of Europe's ministates. This viewpoint has been presented first and foremost by Rene Nyberg, a foreign affairs secretary, and Pauli Jarvenpaa, a special researcher in the Defense Ministry. According to it, because of the balance of terror, the military threat aimed at the ministates rests primarily on conventional weapons. No one may dare to use them, either, due to the danger of escalation.



## Nature of Threatening Pictures

On this basis we arrive at a doctrine according to which steady nerves and a sufficiently strong armed defense are enough to guarantee Finland's security. Its formulators point to foreign policy measures, but the remedies are still military.

In an article he recently wrote for the Cadet Corps' book, Jarvenpaa reiterates his previously presented viewpoint that the most essential thing "for remaining outside a nuclear war is the preservation of territorial inviolability by conventional means."

National defense is generalized on this basis into a primary factor of Finland's foreign policy. This starting point is stated in the following words in Keijo Korhonen's diary: "As the task of national defense is under all circumstances to see to it that we do not lose the basic conditions for national existence, it is also the task of foreign policy--the circumstances thus permitting it--to see to it that the opportunities for strengthening the basic conditions of our national existence are utilized to the hilt."

Nuclear war is thus considered improbable. If it breaks out, the capacity to keep watch over one's own territory will help to keep one outside the war. This being the case, the military threat rests on the superpowers' buildup of conventional arms, whose political and possible military exploitation is the distinctive feature of a crisis situation.

According to Nyberg, "in the age of nuclear weapons, the moment of truth is not the war but the crisis." The ministates have the opportunity to protect their interests in a time of crisis by using their military power, together with political measures, as an instrument of crisis control. This presupposes, in addition to military capability, coolheadedness. "The possibility for the superpowers to exert military pressure on the small states is proportionate to the recently mentioned defense capacity and steadiness of nerves."

It would not be worthwhile to focus so much attention on these doctrinal structures if they did not come from debaters who make security policy their official work. Furthermore, the doctrines concerning Finland's armed forces as an instrument of crisis control according to original American theories also seem to have broader support. This can be inferred from the lecture held by defense forces' commander Jaakko Valtanen at the Paasikivi Society in the early spring of 1984 in which he justified the necessity for a powerful and resiliently functioning army by the needs for active crisis control.

## Security Policy More Complicated

There are also several problems in the new defense doctrine described above. First of all, the situation appraisal which is its foundation is badly simplified. Eliminated entirely from its description are the political problems which are linked to Finland's defense and which derive from the state treaties we have concluded, among other things. Supporters of the new doctrine seem to believe that in an international crisis a sufficiently strong defense will keep Finland

outside military influences. Moreover, what is at issue is not just the belief in a passive military deterrent which raises the attack threshold but also in the possibility of using the armed forces actively to control the crisis.

To make the debate more concrete, it would be useful if someone would state precisely what is meant by the military crisis control under discussion: mobilization, transfer of troops to the threatened areas, raising the level of the air force's readiness, or what?

All things considered, decisions on such matters should be made at the highest political level. It is difficult for me to imagine that profound international crises requiring them can be reached without political measures which are linked to treaty obligations. It is equally hard for me to grasp that these political measures could somehow or other be supported by the kind of military procedures just mentioned.

Severance of the connection between crisis and war appears to be characteristic of advocates of the defense doctrine which attempts to solve the crisis of the new availability of weapons and power politics. Preparations are made only for the crisis as if the possibility of war did not even exist. In my opinion, the possibility of a European war does exist, and it should be included as a reality in defense planning. In addition to this, there is no reason to intermingle political and military measures in Finland's security policy.

#### New Doctrines Unnecessary

The traditional basis of Finland's security policy is still appropriate: under conditions of both peace and possible crisis, political and diplomatic measures are the only instruments of active security policy. With their help, the state leadership should assure our neighboring countries as well as the superpowers that we strive to pursue a neutrality policy which keeps us outside the crises. A consistent and credible foreign policy may also be sufficient to assure our treaty partners of this.

The task of our armed forces is to communicate to foreign powers its readiness to defend the country if an actual military threat is directed at it. The possibility of such an attack is minute--there I agree with those who call for a revision of defense policy--but this may be attributed to our successful foreign policy rather than the shadows of nuclear weapons stressed by Nyberg.

In support of the political leadership, a message to foreign powers is sufficient that Finland also has military power. I am convinced that in a crisis situation active recourse to arms as a so-called instrument of crisis control would work against the foreign policy measures necessary to assure security. For this reason as well, there is reason to stop developing and marketing doctrines concerning it.

If the fourth parliamentary defense commission is expected to incorporate these new kinds of elements into our security policy thinking, there really is no need for the commission. The insistence on new doctrines--which, it is true, proved to be futile--produced sufficient resentment even in the third commission.

If our time-honored security policy doctrine, in which foreign policy has a central place, is still found to be adequate and if defense expenditures are not found to require special treatment in comparison with other state expenditure items, a fourth defense commission is not generally necessary in these conditions. Furthermore, the present military buildup level--at which, to be sure, powerful pressure for increases is directed--is entirely adequate to support the prevalent approach to security policy.

12327

CSO: 3617/63

MILITARY

GREECE

BRIEFS

POSSIBLE NAVY COMMAND RESHUFFLE--There will be important changes in leadership of the Navy, probably in March. The reason: the resignation of the chief of the Navy General Staff, Vice-Admiral Nikos Pappas, to run as a--naturally--PASOK candidate. And indeed on the "list" of the at-large deputies, so that he could be used as one of the deputy ministers of defense in case of a PASOK victory at the polls. To replace Vice-Admiral Pappas, a rear admiral has, for all intents and purposes, already been selected, and his promotion will cause the automatic retirement of three other officers of superior rank. Needless to say that the political convictions of the future chief of the Navy General Staff have played a role in this selection. [Text] [Athens POLITIKA THEMATA in Greek 8-14 Feb 85 p 10]

CSO: 3521/178

MILITARY

PORTUGAL

# LEMONS FERREIRA ON NATO MEMBERSHIP

## Lack of Resources Prohibits Neutrality

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Jan 85 p 3

/Text/ In yesterday justifying the need for Portugal's membership in NATO in military terms, the chief of staff of the armed forces said that Portugal "at this time does not have the material resources, nor the national will to be capable of assuming, all by itself, major commitments associated with a neutral position."

Gen Lemos Ferreira, who spoke at the regular luncheon of the American Club in Lisbon, came out against what he calls the "erosion of the national will," without which there can be no military defense of Portuguese sovereignty, emphasizing that "if we lost independence in 1580, it was not due to lack of equipment but due to lack of willpower."

In the opinion of the GEMGFA /chief of the armed forces general staff/, "it is up to the army to counter this situation" and, from that angle, Lemos Ferreira then defined the "major points to be observed in the orientation of Portuguese military defense: Maintaining a minimum but credible deterrent capability on the regional level; participating effectively in the combined defense effort of NATO and avoiding the creation of conditions in the defense area which might generate excessively heavy financial burdens."

In this connection he also underscored "the permanent crisis situation which besets the world in general and in which international terrorism is a constant feature," adding: "Thus we must be alert to any attempts aimed at eroding the national will in the area of defense and security."

In another passage of his speech, Lemos Ferreira alluded to the threat represented by Portugal's vulnerability to "specific destruction actions carried out by small, highly specialized groups which come in furtively, using any suitable means, sometimes assisted by domestic agents with an identical ideological persuasion."

Lemos Ferreira also included in his address a reference to the need for maintaining minimum facilities in the Azores and on Madeira in peacetime,

"in direct proportion to the possible conflict situations" and he also stressed the capability of sustaining the forces in combat.

In conclusion, the CEMGFA stressed the need for the principal NATO allies, "above all those who were granted facilities in the bilateral context," to help Portugal "in a substantial manner."

#### Ferreira Statement 'Unfortunate'

Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jan 85 p 6

/Text/ Portugal's membership in NATO is in line with a political option which, although it was chosen by a regime with characteristics absolutely different from those the country has today, was never challenged, except by a minority sector in Portuguese society. Even so, that group was always extremely careful in tackling the problem, even when it held a large portion of the reins of power in its hands. In other words, a rather peaceful issue: Portugal is a member of NATO for various reasons--historical reasons, geopolitical and ideological position--but it is a member because it wants to be a member, in other words, because that is how the elected officials in the bodies of sovereign government saw it, and not because that same sovereignty is restricted to the point where the country cannot decide its own destiny.

If Portugal's membership in NATO is the result of an act of national will--expressed, although only in an implicit form, in successive rounds of voting in parties that do not question this decision--then it cannot be taken as a kind of fatal inevitability. Now, this deduction could be made by anybody who accepts the literal meaning of the words spoken by Armed Forces Chief of Staff Gen Lemos Ferreira at the American Club when he said that "Portugal presently does not have the material resources, nor the national will to be capable of assuming, by itself, major burdens associated with a neutral position."

It would be absurd to think that Lemos Ferreira is inclined to being a neutralist, given his military record, the job he holds, and the evidence provided during his long career. But precisely for these reasons we think that the choice of words by the CEMGFA /armed forces chief of staff/ was somewhat unfortunate and deserves revision when it comes to expressing his line of reasoning because otherwise one could easily infer that Portugal is not going to leave NATO merely because it cannot. This kind of interpretation--which is permitted because of the terms used by Lemos Ferreira in his address--is not only unrealistic but would also be tantamount to the admission that Portugal is in a situation of limited sovereignty and, concomitantly, there would be reasons to doubt its commitment within the Atlantic Alliance. We are sure that none of this represents the thinking of Lemos Ferreira but the truth is that a speech by the top commander of the armed forces, following the views expressed by the president of the republic, must be based strictly on the evidence and does not allow for any double or doubtful interpretations.

It is indisputable that, if Portugal were to try to pull out of the Alliance, adopting a neutralist attitude, one might well assume that it would face some difficulties because NATO is more than just a military pact and the implications deriving from a hypothetical pullout would be delicate on various levels. Delicate, certainly, but not so much as to force Portugal into the position of a forced voluntary ally. And if by some absurd and unacceptable turn of events this were to be so, then that situation should never be accepted by political or military leaders lest they compromise national dignity.

Since there is no question as to any suggestion of leaving NATO or even a reduction in the commitment within the Alliance--at least right now, since no pact of this nature is forever--what Portugal has to do is to continue to demand that its partners meet their commitments in terms of supporting an ally who refuses to be an ally only in name and who lacks the means with which to execute the mission assigned to him. This was certainly the motivation of Lemos Ferreira. The only trouble is that admitting weakness means limiting your negotiating capacity and this is something that cannot be overlooked, even among allies. From that angle, the speech by the CEMGFA was indeed somewhat unfortunate.

5058

GSO: 3542/111

MILITARY

PORTUGAL.

#### POSSIBLE CANCELLATION OF FRIGATE PURCHASE PROGRAM

Lisbon DIARIO DE NOTICIAS in Portuguese 8 Feb 85 p 3

/Text/ The administration may refrain from purchasing three frigates for the Navy if the shared participation of the allied countries is not confirmed in the next several weeks. This disclosure was made by Secretary of State for Defense Figueiredo Lopes who indicated that Portugal depends on a favorable reply from the German government to a request for the grant of a special subsidy for the Hamburg shipyards, the place where the frigates are to be built essentially. However, Figueiredo Lopes added that, if the decision is dragged out, "we will have to rethink the matter and revise our priorities in relation to our objectives."

If this happens, the secretary of state hinted at the redefinition of strategic and tactical concepts within the field of national defense. The option then could be to purchase ocean-going patrol vessels, equipped with helicopters, for the purpose of watching the coast and the exclusive economic zone.

It was recalled that the purchase of the three frigates by Portugal was decided collectively within NATO for ASW and for patrol missions in the area assigned to Portugal within the Atlantic Alliance.

Figueiredo Lopes emphasized that, if the frigate project should fall through, "I doubt very much that another one could be implemented." He then added: "At the precise moment when we lose confidence in this project, I would stop talking about frigates."

However, he said that he is still "hopeful that negotiations will soon be concluded for the start of the project which now depends above all on the financing of DM500 million by the government of West Germany, since we think that we will be assured of the shared participation of the other allied countries involved in the project." It was emphasized that the main financing sources for the project (which comes to a total of \$750 million) would be the United States and Canada in addition to the FRG.

5058

CSO: 3542/116



MILITARY

PORTUGAL

# SOARES VISITS INDEPENDENT MIXED BRIGADE

Lisbon DIARIO DE NOTICIAS in Portuguese 26 Jan 85 p 3

/Text/ Mario Soares' visit to the Independent Mixed Brigade (Santa Margarida), where he listened to a briefing on the country's situation and military capacity by high-ranking army officers (Salazar Braga, Firmino Miguel, and Cabral Couto), is part of a program of contacts by the prime minister which soon will include the navy and the air force.

The prime minister described the activities of the Independent Mixed Brigade as "impeccable" on all levels. Talking to journalists, Mario Soares recalled that, as part of his objective of "getting briefed on the real military situation," he already visited the GNR /Republican National Guard/ and the PSP /Public Security Police/; it is now the army's turn and soon he will establish contact with the navy, the air force, and other security forces.

Soares, who arrived at Santa Margarida on the weekend, was accompanied by Defense Minister Mota Pinto, by Parliamentary National Defense Committee Chairman Angelo Correia, by the chief and vice chief of the army general staff, respectively, Salazar Braga and Firmino Miguel, by Army Operations Director Loureiro dos Santos, and by the commander of the Independent Mixed Brigade, Cabral Couto.

After military ceremonies, the prime minister met with the top commanders of the army for a working session. Salazar Braga presented an overall briefing on the Portuguese army's current situation, within the present national defense concept; after that, Loureiro dos Santos described the systems of the ground forces, the territorial organization, and the studies in progress on the army's reorganization.

The situation and mission of the Independent Mixed Brigade, as well as the Santa Margarida military camp were then explained by Cabral Couto and, in conclusion, Firmino Miguel gave the prime minister a final summary also covering the other areas of the army, especially personnel, logistics, and training.

The Independent Mixed Brigade has a permanent personnel strength of 4,700 men. Its buildings, which can be reached along a central avenue of about 3 kilometers, were estimated at about 6 million contos at 1980 prices.

Following a formal denial that the administration supposedly intends to cut military pay by 20 percent, Defense Minister Mota Pinto at the start of the working session with the army described the national strategic defense concept, underscoring some of its objectives: Defense of the national territory and in the framework of NATO, "sustained by the nation as its foundation and by national unity and cohesion within the pluralism of a democratic state."

5058

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MILITARY

SWEDEN

# ARMY CHIEF REJECTS TRAINING CUTS PLAN

## Paper Views Cut Alternatives

Stockholm DAGENS NYHETER in Swedish 2 Feb 85 p 2

[Editorial: "Saving the Army Regiments"]

[Text] The peacetime Swedish Army must be cut. But to what extent--against the background of strained financial resources and a decreasing number of military draftees in the 1990s?

In August, the supreme commander of the armed forces will receive a proposal for a future peacetime organization. One awaits with excitement to see how radical a reduction in units this involves--concentrating on the most important one, the combat unit. Abolishing regiments is after all a sensitive and difficult issue as we know from our history, and now most recently from the parliamentary strain over the "death patrols."

A certain indication of these ambitions was given on Friday when the army chief put his thumbs down when a proposal on a so-called roll-over training came around for the fourth time. According to Lieutenant General Bengtsson, this came about after a thorough study--an assignment from the 1983 conscript committee via the supreme commander of the armed forces.

Roll-over training was the committee's most noteworthy proposal. There was no disagreement on the committee's other ideas which included, for example, increasing annual discharges and enlistments along with early enlistments of non-commissioned officer conscripts in order to facilitate synchronized discharge of basic training units (advance training). The proposal about changed legislation for authorizing measures for more flexible emergency duty service during retraining did not cause any controversy either, although the army chief has good reasons for his uncertainty of whether this will also apply to all draftees in basic training.

Why not roll-over in South and Central Sweden (where needed) of three rounds in 2 years which in principle could mean the cut of every third unit? General Bengtsson presented a series of objections of typically inferior mobilization preparedness and negative consequences for draftees and permanent employees, a problem which, however, must to a varying degree apply to all unit cuts.

The general maintained that instead of cost reductions there should be increases in the next 15 years of almost 200 million kroner annually and approximately half that amount thereafter. His outlined alternative is something that is called co-location. Using Kristiansand as an example, A3 would move to P6, whereupon it would be possible to alternate training rounds of armor and artillery.

Similarly, a number of other special units could join certain infantry regiments. The army staff has counted three cases and some additional cases seem possible to the general, a total of five or six conceivable cuts in barrack establishments.

It is not easy to weigh the two outlined alternatives, roll-over training and co-location against one another. Neither solves the problem of improved preparedness apart from incident preparedness and surveillance. On the other hand, what does the supreme commander of the armed forces mean in last summer's perspective plan about wanting to increase the capability of the peacetime organization in various preparedness and combat efforts? No threat analysis has yet been presented which is quite remarkable.

The proposal for roll-over training has obviously already had affect. It has forced the army council to seriously tackle the problem of the size of the peacetime organization which is something we have not had to bother with before.

It is less interesting when an army chief says that he cannot accept a proposal from a parliamentary committee, not to mention that the chairman, Roland Brannstrom (Social Democrat) now wants to call it "not fully worked out ideas." How will the general handle his job if the current committee nonetheless decides in favor of roll-over training?

One of the committee's incentives--the demand for unit cuts--will partially lose its value if the organization makes cuts in other ways. The army chief's alternative to save the regional regiments by colocation--"one in each county"--is in any case well worth studying further.

#### Bengtsson Rejects Committee Recommendation

Stockholm DAGENS NYHETER in Swedish 3 Feb 85 p 8

[Article by TT: "Army Rejects New Training"]

[Text] The death of the regiments in Sweden may continue but in a different form than the conscript committee recommends.

This is the answer of the Supreme Commander of the Armed Forces Erik G. Bengtsson to the committee proposal on roll-over training.

The army says no to the proposal which calls for abolishing every third regiment south of Dalalven. Instead colocating training will be initiated as an alternative. Special branches, such as artillery, air defense and engineering units will be moved to a common barracks area with infantry or armor regiments.

The proposal intends that regiments from two different branches of the service will join a barracks area and the officer corps from the regiments will be in charge of each other's conscripts.

In other words, the unit itself, along with officers, specialists and training materiel, will be retained but they will move together and share facilities. A number of municipalities will in fact lose their regiments to other municipalities.

"We will now be studying this until August and then submit a proposal," says the army chief.

First of all, the proposal calls for the so-called regional regiments to be maintained but be forced to accommodate special branches, such as air defense and artillery.

"Our goal is that there be a district defense regiment with regional responsibility in every county," says Bengtsson.

The army chief's sharp no to a roll-over training does not come as a surprise. The proposal has been introduced three times before since 1959 and been found unworkable every time.

9583

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MILITARY

SWEDEN

NEW NAVAL COMMANDER BENGT SCHUBACK ON PLANS FOR 1980'S

Stockholm SVERIGES FLOTTA in Swedish Jan 85 pp 4-7

[Text] The new commander of the navy, Vice Admiral Bengt Schuback, in late autumn made two important public speeches, one in Stockholm and one in Goteborg. Both were sponsored by The Swedish Shipping and Navy League [FSSS]. The latter speech is summarized below.

Vice Admiral Schuback began by describing the navy's development during the postwar period, including the large modernization program involving modern foreign radars on board ships and at the coast artillery units. With the new cruisers as nuclei, two squadrons of modern destroyers and torpedo boats were provided. In addition a long series of submarines were built based on experiences of submarine warfare in World War II. There was an atmosphere of optimism and confidence in the units.

Then, however, came the 1958 defense decision which was partly based on very hazy conceptions of the dangers of nuclear warfare for naval ships.

The result was that two new contracts for Halland-class destroyers were cancelled and the modernization of older destroyers into frigates was terminated.

In that situation a plan was prepared for the continued development of the navy--Marinplan 60. The plan proposed the building of a lighter fleet with many smaller units. On the other hand quality was not to be sacrificed in the new ships and coast artillery batteries which were planned. The investment in high quality in the naval units which were then built--despite a very difficult shortage of money--was of great positive importance right up to today.

The restructuring, however--without its being stated--led to a navy which was entirely oriented toward defense against an invasion of the country. The result was a lacking ability to handle a submarine threat. All this was the result of clearly conscious political decision. They did not calculate that a submarine threat would arise during peacetime.

Here on the west coast you surely remember that import support would take place by other than military means--what could that be? Nobody was able to explain that assertion.

The navy's share of the military budget went from 1959 down from about 20 percent to about 15 percent, a division which in principle still applies.

The result was that the large number of smaller units which Marinplan 60 was based on could not be realized. Instead the number of ships was halved between 1952 and 1984!

#### Dark and Light Elements

In this gloomy picture there are, however, a number of bright elements. The most important is that the 12 torpedoboats of the Spica II-class are now redesigned into missile boats. The new armament gives an entirely new dimension to surface attack ships than previously. The modernized Spica boats also have very advanced electronics with both active and passive sensors to give the necessary information about the target to its missiles, Missile 15, which is manufactured by SAAB and others. With a certain justification one can claim that the "new" missile units, depending on their effective air defense system, are in several respects stronger than the surface attack units of the cruiser and destroyer days. For example, one division of missile boats in Hano Bay can cover the entire area with missile fire without the boats needing to leave the coast. That is naturally a different threat to an attacker than before. Also on the coast artillery side long range weapons are in the units in the form of modern batteries with significantly longer capability. And with the same precision. These batteries have a very high level of protection.

Submarines have long been an important part of our naval forces. Today we have 12 submarines, which are an absolute minimum. Of these, eight are entirely modern and the others are not bad either. Of course we know how effective submarines can be!

Admiral Schuback summarized current conditions as follows:

Through a stubborn insistence on quality, especially on modern electronics and long range weapons, beginning with controllable torpedoes and now with missiles with different ranges, we have the ability to assemble modern units at one section of the coast. We also have personnel who can measure up. They know their material, and did well during the long and difficult antisubmarine operations in the Baltic.

We have two main weak sectors. One is the lack of ability to cope with the underwater activity which takes place in our waters. This is the result of a deliberately created vacuum. The other is that we have too little of almost everything. Both in the navy and in the coast artillery. In other words we have a "numbers problem" for which we are trying to compensate in different ways. One way is giving our units the possibility to perform several different types of tasks. A good example is both of the coastal corvettes of the Stockholm-class, which have missiles, good air defense and antisubmarine ability.

Other examples of with limited means getting the possibility of concentrating naval forces at exposed areas are the new mobile coast artillery units. Their artillery, which is of the same caliber as the previously mentioned fixed batteries, is manufactured by Bofors. Even the six new minesweepers which were built and are building at Karlskrona Shipyard will have double tasks. Obviously mine hunting, but also submarine hunting, primarily in our large archipelago areas.

#### Protection Against Submarines Expensive

The steps which have been taken since the Uto incident in 1980 to improve our antisubmarine forces have obviously cost and will cost lots of money. Until 1990 it is expected that the final figure will be about 2 billion.

These measures have been and will be paid for by special appropriations from the government, redistribution of funds from the army and the air force, and for about one billion, redistribution within the navy.

The latter source of funds will naturally have negative consequences for the navy. Some older antisubmarine material will naturally still be converted, but now we are buying much more antisubmarine material than was planned. We are therefore postponing lots of other important procurement into the future and in that way we are accumulating a significant need for replacements which will be noted in the 1987 and 1992 defense decisions.

Then what have we received in additional appropriations, and what are we going to get?

We have obtained improved underwater surveillance in several areas, two coastal corvettes, a number of picket boats, reconnaissance equipment for antisubmarine aircraft, special weapons for use against actual intruders and a couple of minesweepers with antisubmarine ability.

We will obtain four helicopters from the air force which are being equipped with antisubmarine equipment, more fixed surveillance systems, primarily for underwater surveillance, four additional minesweepers plus last but not least coastal corvettes which of course can operate in the open sea.

But the utilization of this material requires skillful personnel.

Because antisubmarine warfare had a downgraded priority for so many years it was really only the helicopter crews which had practical experience in this difficult skill. Research and testing had of course also been discontinued as there were no customers. These circumstances altogether mean that it takes time to reach full effectiveness, although we are working intensively on all fronts to manage it all.



## Investing in the Entire System

What the commander of the navy is now aiming at, and what the supreme commander approved and also recommended to the government is a program which contains an entirely new antisubmarine system. Outside the territorial seas we are trying to get early warning through operating antisubmarine aircraft with special sensors for detecting submarines, and operating submarines to listen for foreign submarine activity. Closer to our coast we will operate helicopters and coastal corvettes. The disadvantage with helicopters is, however, that they do not have much flying time. We also have too few helicopters. Therefore we can not continuously launch them over a long period of time. Their endurance is short, and therefore the coastal corvettes come in, which can of course remain out for a very long time and listen, and which furthermore have their own weapons.

In the coastal waters and archipelago areas--which we must also be able to control--there are also the defensive installations in the sea approaches, and a number of other systems. If such a system is not complete in a certain area, an opponent can appear there without our technical knowledge of his presence.

As previously stated, helicopters can only stay out a relatively short time, and antisubmarine operations can of course go on for weeks. It is also difficult to detect submarines in shallow rocky fjords with rough bottoms as for example Harsfjorden and the Karlskronafjorden. Here we use the minecraft and a number of other systems which can not be discussed here. The idea is that when such a system with many components is complete there is no place where an intruder can hide without our finding him. The risk remains that he may come to a place where the system is not complete.

## Both Antisubmarine and Invasion Defense

In this connection a number of individuals consider that the navy--and primarily the fleet--should devote itself to this and be a kind of guard or peace watch against the threat. Here, however, certain definite objections must be raised.

In its basic organization the navy has components which can operate against shipping. If we take this away we create a vacuum. Therefore we need a basic ability to counter shipping. Otherwise the cornerstone of our independence is not especially credible. There are many examples. If we, for example, do not pay attention to our minesweeping ability, we become vulnerable to such a threat in another political situation. Naval systems of course have the property of "double utilization"--as opposed to many others--they are useful both in antisubmarine warfare and invasion defense.

## Essentially Changed Security Policy Situation

It is now clear to Swedish opinion that we have a drastically changed security policy situation. The changes took place in the 60's and primarily the 70's.

Almost every Swede is aware of our exposed position. We also realize what it means to be a little state in the vicinity of a superpower. We are at the point of intersection between two military power blocs, NATO and WP, and very near one of the superpowers. In that connection it can be useful to try to see our country from vantage points in the surrounding world.

We know that the northeast Atlantic, the Norwegian Sea and the Arctic Ocean are vital areas for both WP and NATO. And here lies Scandinavia as a barrier between the superpowers. Scandinavia is interesting because it also has the base capacity for both ships and aircraft. And if one is to control the seas and protect nuclear weapon carrying submarines--then one must be able to operate aircraft and naval forces with relatively short range. Such forces from NATO must be found--one assumes--on Greenland, Iceland and Norway. Thereby the Soviet Union feels itself locked in. We must of course remember that the Soviet Union is a surrounded continental power. Looking from Moscow toward the north, they also see a strategic missile threat from here.

Seen from the eyes of the superpowers it is militarily quite natural to move positions forward, and seen from the other superpower's viewpoint that must be prevented. And this can apply to both northern and southern Scandinavia. The area around the Baltic exits, and thereby also our Swedish west coast, are also highly interesting for naval and air warfare. Personally the commander of the navy believes that the risk of war is rather small in Europe, as nuclear weapons have such a deterring effect.

It is clear, however, that a superpower of course always is interested in protecting itself from its surroundings. We can probably look forward to a period of threat and pressures from both East and West. In any case we must be prepared for that. Always with military strength in the background. It is the same with our foreign policy. We can not conduct a meaningful foreign policy without military strength behind it.

In this picture, with risk for pressures and threat from both East and West, naval forces play a very great role. If one looks at the Swedish coast, both superpowers must always be watching the stability of our neutrality and freedom from alliances.

We of course know how military maneuvers are taking place around Scandinavia. We can also see how advance storage of military material is taking place in Norway and even to a certain extent in Denmark. Therefore in this case they have decided in the United States that if they are to get here before the other side, they must do it fast.

It is an obvious indication of a gloomy situation which does not help us, but which we can do nothing about.

Today the military forces in the world are watched by satellites, signal intelligence and espionage. Previously there was uncertainty, and perhaps it was necessary to fight wars to make progress. One can somewhat critically

claim that now wars are fought beforehand on paper, in computers with arms control negotiations, in debates, in newspapers, etc. This type of paper war directs attention at the opponents' strength and weaknesses both in the East and West and even our own.

If in this examination we show that we are tempting the rest of the world with our obvious weaknesses, then an increased investment in defense is required.

#### Before the Next Defense Decision

Finally, what naval problems do we have confronting the 1987 defense decision? At the foundation is the government's directive to the supreme commander as to what he is to investigate. Here it is said that the actual ability to defend Sweden is basic. In other words invasion defense. A concept which the commander of the navy obviously subscribes to. Great weight, and this is something new, will be attached to the ability of the defense to operate against foreign utilization of Swedish territory in peace and neutrality. There will be increased integration within the navy, and we will procure modern systems for firing missiles against sea targets. The commander of the navy will also investigate whether it would be better to invest more in submarines and coastal missiles at the expense of surface attack forces.

The situation is rather locked in. The government has established the economic framework for the future about equal with today's economy. There are two other locked-in factors which are of concern to the navy. One is conscription. Conscription is necessary, but it locks in the economy. The JAS [fighter-attack-reconnaissance aircraft] project locks in costs. And the navy must take care of antisubmarine warfare and furthermore be a component of invasion defense. Naturally it will take a little magic to do all of that well.

There is, however, regardless of which solution is chosen, an increasing demand for readiness in peacetime. It is clearly required, and we have also confirmed this in our studies. We can expect a security policy warning, but the time of warning can be shorter before the threat of attack can come. And even though one does not expect war, one must be prepared to conduct war, otherwise we are not credible. We must have high preparedness against surprise attack in all of our systems.

The most important thing for the navy today is, however, to strengthen our confidence and ability in antisubmarine warfare so that we can attain the goal of stopping the violations.

It must be said now and then that Swedish waters are just as much Swedish as the mainland and the islands. And it is just as serious if this water is violated by divers and submarines as it is when tanks drive over the land. There is no difference. The only difference is on another plane, namely that at

sea there is the ability to remain hidden, and there is greater freedom of action for the one who will use his strength.

The sea is attractive for one who wants to demonstrate his strength, and for various reasons force his will on another.

9287

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ECONOMIC

EUROPEAN AFFAIRS

## NORDIC INDUSTRIALISTS FEAR HIGH TECH SKILLED LABOR SHORTAGE

Stockholm DAGENS NYHETER in Swedish 12 Feb 85 p 11

[Article by Kerstin Kall: "Nordic Countries Seek Technicians"]

[Text] "If we can not increase the number of technicians in the Nordic countries, then neither are other people going to have jobs in the future." That was said at an industry policy conference at Hotel Korpilampi in Esbo outside Helsinki recently, and the theme was repeated in all the speeches, regardless of whether it was the unions or the employers who spoke.

The Council of Nordic Trade Unions (NFS) assembled a number of managing directors, some politicians (from Sweden came Foreign Trade Minister Mats Hellstrom and Minister of Industry Thage G. Peterson) and trade unions at a two-day conference on industrial, technical and export cooperation in the Nordic countries.

The computer firm Nokia came in with a worse balance statement than expected, and Nokia's managing director Kari Kairamo said that part of the cause was that the firm can not obtain a sufficient number of competent employees.

### Resources Drained

"If Finland is to keep up with Japan, we should have 900 new trained electronics technicians per year," he said. "Now we get between 200 and 250."

Johannes Moe from SINTEF (Institute Within Norway's Technical-Scientific Research Council) said that last year industry bought 40 percent of the researchers involved in electronics.

"They went to important work, and that is good," said Moe. "But what is not good is that national research is so little that the resources are drained when industry needs people."

In Norway there are insufficient training facilities for all the youths who want to devote themselves to technology. In Sweden the situation is the opposite. Stig Malm, chairman of LO [Swedish Trade Union Confederation], told those present about the Swedish point system which requires four points for entry into the nursing profession, and one point to enter technical training.

#### Coordination

"Persons who will develop an instrument need a one for their average grade, while persons who will wipe off the instrument require a four," he said.

Both Stig Malm and Nokia's Kari Kairamo, who gave the introductory speeches for the technology debate, advocated coordinated technical training in the Nordic countries.

"In all the Nordic countries the administrative patterns within education are rigid, and that is an obstacle to reforms," said Kari Kairamo. "Old professors remain, new subjects and services are insufficient, the average age among the instructors tends to rise instead of getting lower.

"Because of these drawbacks, perhaps education would be the most fruitful area for coordination," he said.

#### JAS

Sweden invests 2.5 percent of its GNP in research and development, the other Nordic countries invest barely one percent.

All agreed that that is too little.

"We can confirm that all countries which have strong military and defense research programs are out in front," pointed out Kari Kairamo. "Not that I want to propagandize for military research in the Nordic countries, but we can still say that it is fortunate for us all that Sweden has the JAS [fighter-attack-reconnaissance aircraft] project."

The Nordic trade unions were praised by Tore Browaldh and others for their far-sightedness in technology, compared with unions in Europe which oppose new technology for fear of losing their jobs.

Stig Malm pointed out that even in the Nordic countries there is a fear, and it must be taken seriously.

"We know from experience in Europe that the most effective way to prevent the introduction of new technology is to get the trade unions to oppose it," he said.

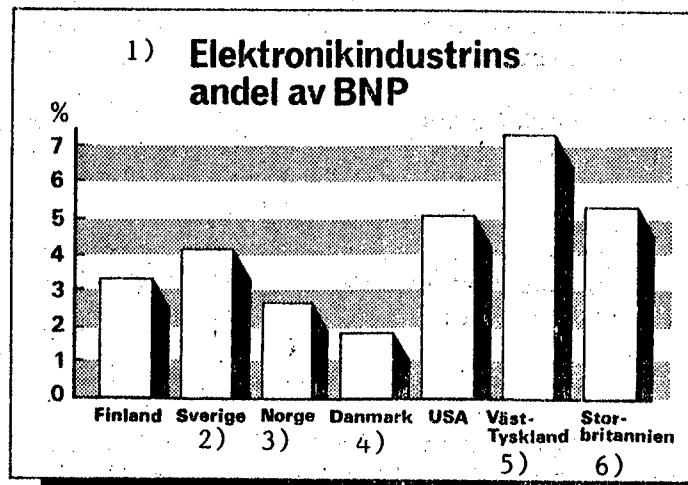
## Risks

"If one does not in the first place have ambitions to solve the unemployment problem, there is a risk of actions against new technology in the Nordic countries also," he said.

The call for technicians from all directions was so unanimous that Stig Malm also felt called upon to issue a warning.

"Thirteen or fifteen years ago it would have been impossible to conduct such a harmonious discussion," he said. "Then there would have been forest conservationists, nature conservationists and state therapists, and we would have been considered suspect, pleading for technology and computers.

"Today we are dealing only with technology," he said. "It is unfortunate that the pendulum swings so far. We must be sure that we do not make the same one-sided mistake that was made 15 years ago."



The share of the electronics industry out of BNP in the Nordic countries is between 1.8 and 4.1 percent as indicated by the diagram. The Nordic countries are on a high level as consumers and producers, but in training and exports we have slipped behind, it was stated at a Nordic industrial conference.

Key: 1. Share of the electronics industry out of BNP  
2. Sweden  
3. Norway  
4. Denmark  
5. FRG  
6. UK

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ECONOMIC

EUROPEAN AFFAIRS

EC'S DELORS ON BUDGET, INITIATIVES, AGRICULTURE, TECHNOLOGY

Brussels LE SOIR in French 31 Jan 84 p 7

[Interview with Jacques Delors, president of the European Economic Community, by Yves Benoit and others; date and place not specified]

[Text] What are my chances of doing a successful job? One out of five! You don't have to believe in Europe, but rather accepting Europe out of necessity. The parents of the ecu [European Commission Unit of Account] are hiding their child, refusing to let him play in the world economic square.

[Question] At the time of your Strasbourg speech you described your commission, not as the lowest common denominator but rather as the motive force around which everyone will have to define himself.

[Answer] The commission [European Economic Commission] is an organization which, because of its community-oriented state of mind, because of its collegial approach to problems, and because of its cohesion, can be the motive force for building Europe. However, a locomotive is not the conductor of the train.

I think that it is my responsibility to act in such a way that the commission properly plays the rôle assigned to it by the Treaty of Rome, based on its three essential characteristics: guardian of the treaties, executor of the decisions of the EEC Council of Ministers, and having the right to take action on its own.

What should be its style? My speech dealt rather with the method, which is the very opposite of lightning in the sky and trumpet blasts.

Today the fundamental facts affecting Europe are such that the commission should simultaneously put Europe and the European countries to the test. Not in an aggressive sense but by providing them, through the simplest possible analyses, with the means of debating and deciding. That is the method.

[Question] Put Europe to the test? Won't that involve increasing tensions?

[Answer] As far as that is concerned, I do not reject the possibility that some internal tension might develop, even serious tension at times. However, I wish to avoid the temptation of provoking tension unintentionally, in order to avoid damaging the organization. This effort should reveal the contradictions of the



community if it is made at all, and not a desire, no matter what the cost, to delineate the role of the commission, compared to other institutions.

### No Question of Showing Our Muscles

Consequently, if tension develops, I will try--I don't know whether I will succeed--to act in such a way that the tension will relate to a basic debate, that it will reveal a Europe which is deceiving itself and which does not want to look at problems in the face.

In short, that would not be showing the commission's muscles. We don't want to look merely at our powers but also at our duty. And our duty is to prepare proper papers for the EEC Council of Ministers.

[Question] What does that mean--proper papers?

[Answer] A proper paper is one which raises the real questions and, to the extent possible, proposes solutions. I have known Europe under many aspects, since I have known her as a trade union leader, a senior government official, a deputy in the European Parliament, and a minister. What has always struck me is that we often propose that the community take a given action because "it is necessary to do something for Europe." That is ridiculous! You only have to do what is useful for European citizens and for the European countries. You have to have a lot of modesty and humility.

[Question] Do parallel, national initiatives, such as the Franco-German axis, bother you?

[Answer] I should note that very often the united will of the French and of the Germans has made Europe progress. An example is the creation of the European monetary system, the only great institutional, economic institution of the last several years. Therefore, I take note of this.

As far as I am concerned, from my first day in office I have acted in such a way that everyone--in the commission--has been comfortable around the conference table. It is enough to look at the division of ministerial responsibilities to realize this.

### My First Community Gesture

I am speaking of countries which are more or less populated, and not of large or small countries. I divided ministerial responsibilities on the basis of the merits of each person, with the symbolic idea of showing that even a country with the smallest population could, through its commissioner, hold a major responsibility, because this commissioner has the required talent and ability. The division of ministerial responsibilities was my first community gesture. It won't be the last.

[Question] In the budget field aren't you at the wheel of a ship without (financial) fuel?

[Answer] The European countries have had to implement policies of budgetary austerity for evident economic reasons: a poor diagnosis of the crisis; a counter-attack using the traditional means of anti-cyclical policy, particularly in the budget area; insufficient growth and, therefore, inadequate receipts for the budgets; and the continuation and even growth of expenditures because of the cost of unemployment.

The phase of budgetary austerity was therefore inevitable. The community must take this into consideration. Not taking this into consideration would perhaps mean that we are very European but very utopian-minded: very generous but without really having the intention of pressing our ideas. Consequently, budgetary austerity must also be applied to the community budget.

Hence, the true question is as follows: won't 10 ecus spent in the community budget have a greater, multiplier effect than 11 ecus spent in national budgets?

The community should act when it is useful for all of the European countries and not for the pleasure of seeing its resources increase.

On the other hand, if tomorrow the European governments set out ambitious, political objectives for Europe, it would then be necessary to provide the means to achieve them, including financial means.

Pessimism and Clarity

[Question] Will Europe only make progress through crises?

[Answer] You can summarize the challenge presented to Europe in a few words: the world is changing, and Europe has not realized this quickly enough. Hence it runs the risk of losing all of its positions, even its autonomy and its political independence. Each time we can make Europe pay attention to that--not only pay attention but respond to the challenge--we will have done a good job.

[Question] You are optimistic?

[Answer] Gramsci used to say: "You have to have the pessimism of intelligence and the optimism of will." What is bad in the community is that everyone finds it natural that, regarding everything and anything, a member country should set down conditions for taking action. It would be funny to keep this attitude at the very moment when they want us to go beyond the Treaty of Rome.

My chances of doing a successful job? One out of five. That is why it is so interesting. The important thing is not to take part in that despairing routine which expects everyone to understand the conditions posed by everyone else. Otherwise, that would mean that we couldn't see the forest for the trees. We would stick to our routine, warm and comfortable and with a down comforter around us. And from time to time we would look at ourselves in the mirror, pleading our own case. I say, no!

[Question] Isn't a return to the European Monetary System among your objectives?

[Answer] In December 1984 we took a small step in that direction. It failed, leaving many people with their faces red and their feelings hurt. This is not the time to worsen the problem.

#### The Ecu Has Been Muzzled by Its Parents

However, people talk about a European currency and then, as soon as you want to take a small step in that direction, that is no longer acceptable. People are pleased about the development of the ecu for private transactions, but it might be that the parents of this ecu don't want to let him play in the world economic square. As if they were ashamed of him! And then, on the same day, they wept tears of blood because of the irrational behavior of the Eurodollar.

[Question] And is there a possibility of action in other areas?

[Answer] In two areas the positions between the various member countries have come closer to each other, and dogmatic quarrels have disappeared. This involves the development of a larger market and industrial and scientific cooperation between the companies of the member countries, which would make it possible for them to pool their talents, their potential, and their discoveries.

Today this movement toward each other coincides with the feeling that the European countries have that they won't continue to build Europe unless it is a tangible reality for their citizens.

In Europe, as in each of our countries, you won't change things without having actors committed to change, and against the deepest feelings of the people. We have to seize the moment before our enthusiasm declines, and this could happen very quickly. That also involves the method we use.

#### Tip of the Hat for Davignon

[Question] Are there techniques for involving the actors?

[Answer] Yes. Look at the Esprit Program involving the technologies of information, for example. Davignon, the commissioner in charge of this program, had nothing in particular to offer. He succeeded in bringing to the table big business firms on the one hand and directors of public telecommunications services on the other. That is a good example of engineering for social change.

[Question] Specifically in social terms, what are the prospects?

[Answer] First, the growth and development model which made the European economic miracle possible should not be condemned as a whole. This model should be adapted and not rejected in the name of I don't know what kind of fascination with foreign models whose strong and weak points I recognize. Above all, let's remain Europeans!

Moreover, given the size of the unemployment rolls, the trade unions are in an unfavorable position in terms of the employers. Should the employers take advantage of this to exploit all of their advantages? If they do this, it will be a low blow dealt to the economy of the Common Market and to its contractual policy. My

role and my duty are to act in such a way that employers and workers meet together, consider each other for what they are, treat each other properly, and know that the agreements that they may sign could constitute one of the pillars of the recovery of the European social and economic model.

It is with this in mind that I have used the term, "European collective agreement."

[Question] In the immediate future, how are you going to get past the problem caused by the absence of a European budget for the present year?

[Answer] We have several problems facing us. The expansion of the community should have been completed. It has not been. Integrated programs for the Mediterranean were to have been the logical complement of the expansion of the community. They have not been accepted. The community should have a 1985 budget. It does not have one. Budgetary discipline was to have been an instrument of austerity in the service of a dynamic Europe. We are swimming in ambiguity. To that has been added a debate on our institutions. You will have to admit that they are not spoiling us! We are not starting from scratch.

Still, we'll do what we can! If we were not prepared to do that, we shouldn't have come.

We Need Farmers

[Question] And agricultural prices?

[Answer] In this area the European ministers have made agonizing and courageous decisions. We intend to continue along the same path. I would add two personal observations: we cannot eliminate the common agricultural policy and, at the same time, try to build an industrial Europe. We have to hunt down all of the germs that might cause the renationalization of industrial policy.

In the second place we have to invent a new model for development in Europe which is more respectful of mankind and of natural, ecological balances. For that we need farmers. In addition to the useful crops they turn out, they produce goods of incalculable value which make it possible to maintain the natural balance, to maintain social values, and to avoid turning our fields into deserts. It is my conviction that, after we make the necessary reconversion effort, we should be able to set down new perspectives for agriculture. With new means of taking action. We will not be able to act only in terms of prices. We will have to diversify the instruments we use to take action. We need another model for development in which farmers, and particularly the small farmers among them, have a role to play.

[Question] Will a European community with 12 member countries soon come into being?

[Answer] The expansion of the community has been completed, from the political point of view. At a certain point, we should stop the poker game and show our cards. Let us stop the bidding, the steps taken to influence public opinion. We are very close to an agreement.

## Preserving the Cradle of Europe

I also think that, as we move toward expansion of the European community, we should maintain special relations with all of the countries of the Mediterranean area. And not only in the economic field. Because the Mediterranean is also one of the cradles of Europe. And we should not allow this region, over the next 10 years, to become the simple object of confrontations between the great powers or of I don't know what other ambitions.

When we speak of Europe today we need to see it 20 years in the future. We need to consider the competitive advantages which certain countries have, the threat of localized destabilization on the world. How can we fail to bear in mind the famine in Africa, that continent forgotten by development? Yes or no, does Europe want to play a role other than making speeches in this connection? To play a significant role, Europe must be economically strong and relatively united, from the political point of view. If not, it is not playing Cassandra to say that, in 20 years, our grandchildren will blame us for having failed in our historic task. Period.

[Question] How do you feel about seeing the United States turn more and more toward the Pacific and toward Japan in particular?

[Answer] I see that as a very bad development. The other Europeans do also, but they don't dare to say it. Looking at that as a very bad development doesn't mean "barking at the moon" but putting ourselves in a position to be able to discuss the issue, to persuade others, to react. A Europe uncertain of itself, not benefitting from the effects of size and stifling its creative capacities, which are also as great as those of the Americans and of the Japanese: that kind of Europe cannot contribute anything to the world. That kind of Europe should not complain if the reception for America is better in the Pacific.

## Agreeing to Pay the Political Price

If, within 10 years, for example, the ecu should amount to 30 percent of the world monetary reserves in the central banks, do you think that we would be seeing the same, erratic monetary movements that we see today? No, on the contrary, we would see a kind of monetary order--never perfect--but better balanced. To achieve that, we have to agree to manage a reserve currency and to accept the political consequences of that.

[Question] That's asking a lot! The member states of the European community still have a long way to go before accepting that.

[Answer] If you don't believe in the identity of the interests of our countries with the European dimensions we are talking about. Some of the countries believe in it. I prefer that to the non-believers who pretend they are believers and don't do anything.

[Question] If there were a broad current in favor of Europe on the part of public opinion, perhaps the governments would be impressed?

[Answer] I am happy to have seen the establishment by the European Council of the committee for a Europe of individual citizens. This is a happy coincidence involving the interests of the economy as a whole and the aspiration of European citizens to move around freely, exchange ideas, and communicate with each other. That hope can be put in concrete form by the issuance of a European passport; the abolition of internal borders for citizens of Europe; the possibility of buying and selling wherever you want in Europe; youth and educational exchanges which are still inadequate today; the authorization of university degrees involving, for example, students studying at several universities in several countries. This last point would lead to an extraordinary degree of cross-fertilization of European intellects. Research would be stimulated. European scientific magazines would appear. All of that is within our reach.

[Question] And a Europe oriented toward new technologies?

[Answer] When I see on what scale certain automobile components are going to be produced in Japan and the United States, I ask myself a question about cooperation between the European automobile companies. We should be at the forefront of the new technologies--absolutely there. That is vital. However, that is not a miracle recipe for resuming strong economic growth and reducing unemployment. We need to develop a new model for development which corresponds to our real needs. We Europeans should develop an economy which is more aggressive toward the outside world and easier to live with on the inside. It was the integration of these two ideas which made possible the economic and social miracle of the 1950's and which, in my view, is the right kind of recipe.

[Question] If you had one single thing to say to the people of Europe at a time when you have just entered on your present duties, what would you say to them?

[Answer] I would say to them: you are not all required to share the ideals of those who believe in Europe. However, you are all required to accept Europe out of necessity. If you don't, you will have no future.

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ECONOMIC

BELGIUM

DEHOUSSE ON WALLOON REGIONAL ECONOMIC ISSUES

Brussels LE SOIR in French 26/27 Jan 85 p 2

[Interview with Jean-Maurice Dehousse by correspondents Beatrice Delvaux, Guy Depas, Guy Duplat and Luc Vandendriessche; date and place not given]

[Text] What is your diagnosis of the Walloon economy. You said once that there was not only one Cockerill-Sambre, but there was one in each subregion.

[Answer] It is not a simple problem. We must first locate Wallonia in its context, its past first. At its peak at the beginning of the century, it is today an area with problems, experiencing a crisis of an unusual scope which only a few English areas have known.

Everyone has been in a crisis since 1973, but Wallonia has endured one since 1956. There now we have lived through it for 30 years, an entire generation.

Let us also look at the future. By 2030, Wallonia will have lost 27 percent of its present population. Consequently we are a regional community on the road to extinction. It is in this framework that it is advisable to speak of economy and industrial policy.

[Question] One hardly invests anymore in Wallonia?

[Answer] The large Belgian holdings are being broken up. The problem is well known. But in addition, at a time when countries are protecting themselves, Wallonia is abandoned without its own state organization. Worse yet, it is caught in national structures which destabilize it completely. We are being colonized.

[Question] Can you give a few examples?

[Answer] Many are well known. The Gandois plan, whose technical features I do not judge, is disastrous for Wallonia. Metallurgy, after the loss of all our coal mines, was the backbone of our economy and thousands of jobs are being lost in it today. The related bad effects affect metal working, all this at a time when the Belgian government is supporting in the EEC expansion of Flemish Sidmar metallurgy. In France, when Lorraine has problems, the government tries to do something about it, it does not invest in Toulouse.

#### An Agricultural "Sidmar"

Flanders increases little Sidmars in many sectors. I could mention aeronautics. But take isoglucose. You do not know about it. And nevertheless, it is the feasibility of producing sugar without using sugar beets, consequently based on products rich in starch which we must import. Now everyone knows that there is Walloon sugar beet production in Belgium, whose excess is processed, moreover, at Tirlemont in Flanders. But that is not enough, Flanders which is very well organized, for it is a nation, has decided it would be profitable to do without Walloon sugar beets and import products with a high starch content. It has received IRSIA [Institute for the Promotion of Scientific Research in Industry and Agriculture] credits for this project and the state has subsidized setting up a sizeable plant in Alost, which is supposed to begin mass production of this sugar.

At a time when dairy quotas are rightly opposed, they are in the process of creating conditions for sugar quotas in Wallonia. It is an agricultural Sidmar and a "Cockerill" sugar beet grower!

Look also at De Croo who replaces cars produced in Wallonia with buses assembled in Flanders.

[Question] Is it the break up of the Walloon industrial fabric?

[Answer] How could everything I have told you not have a disruptive effect? Our strong points, which are not very numerous, are vulnerable: FN [expansion unknown], ACEC [Charleroi Electrical Engineering Shops] have impressive turnovers, but produce insignificant profits. That is the entire problem of the Walloon economy which no longer produces wealth. It is going into debt. More than 40 percent of Walloon wages are obtained in enterprises which are in trouble. And all that Wallonia is offered is to supply gravel for the construction of a huge new port at Zeebrugge.



Question Consequently Belgium is operating on two levels as Mr Geens says?

Answer Yes, for they give Flanders a Rolls-Royce and Wallonia a 2 horsepower car.

Speech on 1 May

Question But let us look at what is happening in Wallonia. Why are there so few entrepreneurs there?

Answer I think there are many entrepreneurs there. Much more than is generally believed, but they run up against many problems. We must fight outside enemies, internal enemies, but also widely accepted ideas. Technological failure is penalized. But those who succeed are also penalized indirectly through taxation. We must get out of this habit, especially we socialists. We must redefine the concept of profit and find another method of profit distribution. When I say to the employers: no profit, then no enterprises, consequently no jobs, they applaud. But when I say the same thing on 1 May, they scowl at me.

Question You want more taxes for inactive heirs and fewer taxes for entrepreneurs?

Answer That is obvious. And the Depuis affair shows the danger of heirs who are only interested in making their own profit and not in the welfare of their enterprise.

Question And the holdings, let us come back to them.

Answer Oh yes! They behave strangely. First act, they say they have decided to invest in Wallonia. Second act they say there are no Walloon projects. Third act, I receive managers of Walloon enterprises who tell me they have projects, but their group does not want to finance them.

So-called "National" Organizations

Question Does Wallonia also lack banks?

Answer For a twofold reason, we do not have, like the Credit Bank in Flanders, a bank which serves us. But in addition, we do not have like Flanders, control of other credit organizations which one persists in calling national. A German group, for example, attempted to invest in Wallonia. But the "so-called national" organization only sent us some Flemish delegates who explained to the German group that it should also operate in Flanders.

Question And the foreign investors?

Answer How do you expect they will come in droves when our foreign representation is mainly Flemish.

Question What do you think about the breaking up of public industrial initiative: is it necessary to reorganize SNI expansion unknown, SRIW expansion unknown, the Invest, etc?...

Answer Mainly yes, but with a reservation, Wallonia is not ultra-radical, that is not its nature. We must at the same time preserve great unity and take into account specific situations. It is not easy to overcome special interests. In Wallonia it is simpler to create 150 development areas of one hectare each than make a single one of 150 hectares.

#### More Assistance Without Hope

Question Does the policy of the Walloon region seem to have developed from the rescue of lame ducks toward more economic pragmatism?

Answer There is an obvious evolution. Public opinion ignored the fact that for several years, in spite of budgetary problems, we have maintained our opportunities for economic intervention (which logically implies economies elsewhere; for example in public housing or urban renewal). Which means that we are systematically reserving the biggest opportunities for stimuli for investment rather than reconstruction. As a proof: the region's 1985 budget provides 3.2 billion for reinvestment; 2.2 billion for reconstructions and 600 million for the FRI expansion unknown. It is a first element of change.

Moreover, when I arrived here at the beginning of 1982, the combined "cash drain" of all the Walloon enterprises with a regional participation amounted to 2.6 billion. That is to say, more than the share of our budget earmarked for assistance to enterprises. It was intolerable. I accordingly warned the enterprises that their recovery was the essential condition for the preservation of regional assistance.

Question Which assumes less public participation in Walloon enterprises?

Answer Too many enterprises, too many members of parliament, too many trade union organizations think that since things are going badly, the region must take things in its own hands. On the contrary, few enterprises request it when everything is going well. Therefore there is a place in Wallonia for a public or mixed sector, but also for a private sector which must be able to operate normally.

Left and Right?

Question Does the new pragmatism of the Walloon region indicate that there is less and less difference between a leftist and a rightist policy?

Answer Since the executive is legally set up in a tripartite manner, compromise is practiced there. But I am not sure, if the rule of the majority prevailed, that there would not be changes. You see, moreover, that in the regional council, where the representative majority of the political parties present prevails, they approved the "Coeme Decree" regarding the return of electric power distribution to the public sector...A decree whose application is not being implemented by the executive...

If the economic policy of the Left signifies, as in France, a large scale nationalization program, I do not want an economic policy of the Left for Wallonia. But there are intermediate stages. Thus, for me, the initiative should prevail in only two sectors: the energy sector and that of credit. As for the rest, I am not very eager that the public sector act as an industrial operator. I would prefer to find a private industrial operator with whom to work.

Question However your strategy of reconversion is not always a success. As a proof, Titech?

Answer It is good to blame the performer. But Titech is an interesting experience because it shows that our financial standing is insufficient on the budgetary level. The idea of titanium remains valid. But the mistake is due to the fact that when the SDR expansion unknown negotiated, it did it with an American partner which did not assume any obligation. It was too unwieldy and too short a time for regional finances.

Question Consequently the Walloon region needs more independence?

Answer I have said that for years. There is no doubt that Wallonia has no future without greater independence. The present dual administration prevents Wallonia from protecting itself with respect to the domestic Belgian leadership or to deal freely with foreign countries.

A Responsibility for the PS

Question Which threatens to drive away investors even more?

Answer I have never found any reservations about investing for this reason among my Japanese or American associates. Everything,

in fact, is a question of a climate to create and maintain. The PS, the leading party in the area, therefore has a responsibility to fulfill.

[Question] Do you recommend a Walloon consensus?

[Answer] At all levels, political first, to avoid what I call the role of "political parking," which the Flemish majority makes the Walloon parties play. Consequently, we must determine a minimum below which the Walloon parties will no longer go, thus preventing the Flemish partner from choosing his weakest Walloon partner and threatening him continually. With the social partners also, great progress has been made in the direction of consultation: regional economic and social council, Walloon Center for Industrial Projects, organization for industrial valorization.

[Question] This establishment of a continuous dialogue and a certain consensus is not always without problems. Your squabbles with the Pegard trade unions are revealing.

[Answer] Two things, on one hand when the state employer negotiates with the unions, it is natural that each one defends his interests (the region protected its interests here as a stockholder). On the other hand, even in a three-cornered dialogue, I observe a radical change in less than 10 years, to the extent where the emphasis on dialogue is persistent. Look at Boch: the workers occupy the enterprise, but I promised to examine their proposal for the reform of the enterprise.

[Question] A conclusion?

[Answer] That of the son of Michel Quevy (NDIR [expansion unknown]: professor at the UCL [Catholic University of Louvain]) who, seeing Leo Tindemans on television said: "He is a Fleming. We, we are Belgian." The answer of the head of his educational institution to Michel Quevy's question: "Among us, the Walloons do not exist." Which proves that there does exist a French-speaking nostalgia...but which is not shared.

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ECONOMIC

BELGIUM

VAN MIERT DENOUNCES GOVERNMENT'S ECONOMIC POLICY

Brussels LE SOIR in French 26/27 Jan 85 pp 1, 2

[Article by Karel van Miert, Socialist Party President: "Changing Directions"]

[Text] One must submit to the evidence. The economic, social and budgetary situation is clearly well within the claims made by the government only a few weeks ago. The elector will no doubt recall the countless statements of the type: "The government is winning its bet," and its talk of unemployment slow-downs, investment recovery, improvements in the trade balance, etc.

Today the mood is once again morose. For behind the figures, reality is beginning to dawn. Thus, as far as unemployment is concerned, the figure of a half million people completely out of work does not tell the whole story, unfortunately. For there are actually tens of thousands of others without work who do not figure in the statistics used by the majority; notably, those who are not entitled to unemployment benefits, those who must content themselves with part-time work, for want of anything better, the tens of thousands of people put to work under the provisions of circumstantial statutes, etc.

And then the poverty never stops spreading, although the purchasing power of the great majority of the population continues to decrease at a sustained rhythm. The optimistic statements of the prime minister on this subject have just been contradicted, moreover, by the fiscal statistics: in 1984, too, the Belgian standard of living clearly deteriorated.

In other respects, the disclosure of the Maystadt and Verplaetse statements in the press once again brings grist to the mill of the observers who are becoming anxious about the evolution of two key sectors: that of the public finance deficit and that of the rise in unemployment figures. Apparently the government seems to accept new increases in joblessness in 1985 as a fact of destiny.

As for the austerity measures proposed up to now, they will not suffice to attain the budgetary objectives that the government partners had set for themselves. Thus, despite the budgetary constraints, despite the avalanche of new burdens imposed on the taxpayers and on the social allocatees, the weight of indebtedness maintains itself at a level very broadly higher than that set by the government.

This failure allows us to focus on three political observations that seem to me to require our attention.

The first observation concerns the economic strategy pursued by the government. The reorganization of the budgetary situation indeed remains inconceivable without a policy of economic revival. Now, according to the report of the OECD, the response of the Belgian economy to the world recovery was too slow. This world recovery itself remains fragile and uncertain, moreover. The restrictive policy pursued by the present government has upset the expansion of the economic base, that is to say, the development of economic activities and of employment, which should have allowed our country to take greater advantage of the favorable winds blowing in 1984 and characteristic of the economic development of industrialized countries, including, in the first instance, that of the United States. Without completely "missing the train," our economy was able to clamber aboard the last few coaches only. Now the cyclical climate has already changed, and the American locomotive is beginning to run out of steam.

The second observation concerns the superficial character of an entire series of measures adopted by the government to face up to the 1984 deficit. The skillfulness of the sleight-of-hand practiced by our former finance minister, Willy De Clercq, who has since transferred to the European Commission, is not being questioned here. On the contrary, it is undeniable.

The carrying forward of payments on the wages and salaries of civil service agents, the manipulation of the index, the postponement of national debt payments, the complex transactions with the National Bank, the delaying of deposits made to the capital holdings of the communes, etc., may postpone maturity deadlines for a certain time, but do not fundamentally alter the problem of the deficit in the financing of the public sector.

The third observation deals with the taxation system. It is in fact evident that, given the financial situation of the nation, any fiscal reduction should be automatically compensated for by an increase in other resources and/or by new reductions in administrative, educational and social expenses, to the detriment of the most dispossessed. Maystadt had the courage to say it. Of course, the liberals saw red. For their demagoguery flows in waves. If we are to believe Messrs Michel and Verhofstadt, the fiscal moon is ours tomorrow. And to think that with the liberals at the helm, the rate of taxation always increased more rapidly than with the socialists! Besides, while constantly criticizing the state, they refuse themselves nothing, when it is a question of placing their pals nearly everywhere in the mesh of government machinery: look at the SNI [National Secretariat of Information], INBEL [Belgian Institute of Information and Documentation], etc.

In conclusion, it appears to be more and more evident:

- 1) that the spontaneous elimination of the work force in production, as a consequence of rationalizations based on new technologies, will not be able to be compensated for except by a redistribution and a real sharing of the available jobs; and
- 2) that the solution of the budgetary deficit necessitates an economic revival.

As for the fiscal policy, the Flemish socialists figure that the stabilization of the overall fiscal burden is already an ambitious goal. This implies for us that the weight of the fiscal burden imposed on the revenues from labor and on the revenues from replacement can in no way be still further increased. But within this overall volume of taxation, another distribution of sacrifices must be effected.

It is high time to change directions. For with constant use, the machine tends to break down.

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ECONOMIC

DENMARK

## OVERVIEW OF SINO-DANISH TRADE

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 8, 27 Aug 84 p 53

[Article by He Huan [0149 2970]: "Steady Growth of Sino-Danish Trade"]

[Text] Economic and trade relations between China and Denmark have been developing so rapidly in recent years that Denmark has become one of China's most important trading partners in Western Europe. China and Denmark established diplomatic relations in 1950. Over the past 30 years, bilateral trade has been developing without interruption. According to our statistics, the average annual volume of Sino-Danish trade was only \$5 million throughout the 1950's. During the first 4 years of the 1980's, however, it has risen to \$100 million, a twentyfold increase in three decades.

Sino-Danish trade hit a historical high of \$180 million in 1982, a jump of 125 percent over 1981. Danish exports rose 237 percent over 1981 while our exports declined 5 percent. The sharp rise in our imports from Denmark is mainly accounted for by our purchases of four 64,000-ton bulk freighters, equipment for producing ice cream, and chemical fertilizers. The decline in our exports to Denmark is primarily due to the world-wide economic downturn, the recession in Denmark and restrictions imposed by that country on Chinese exports.

Bilateral trade continued to grow in 1983 and remained above the \$100 million level. Our imports dropped 61 percent while our exports rose 17 percent.

China's principal imports from Denmark are chemical industrial goods, equipment and technology. More specifically, marine equipment and spare parts, refrigeration equipment, food machinery, electronic equipment, medical facilities and chemical fertilizers make up 75 percent of our total imports from Denmark. Our main exports include textiles, chemical industrial goods, livestock, handicrafts, light industrial product and foodstuffs. Canned vegetables, canned fruit, cotton, apparels, wood and bamboo household utensils, furs, leather goods, drawnwork, special arts and crafts, various straw goods, and antibiotics account for 56 percent of all our exports to Denmark.

Both the Danish government and enterprises are very concerned to broaden economic and technological cooperation with China in order to speed up the development of economic and trade ties. Particularly since we adopted the open door policy, they have had extensive cooperation with relevant departments,



ECONOMIC

CYPRUS

BRIEFS

LIBYAN CONTRACTS--The Cypriot delegation of clothing manufacturers which visited Tripoli returned yesterday and expressed its satisfaction about the results of the visit. Our manufacturers received orders amounting to about 30 million dollars. These orders are like "oxygen" for our factories and for thousands of workers, who will thus be able to work for at least one year. These orders are due to three basic reasons: to the Libyan policy that includes a respectable amount for Cyprus in its yearly budget for imports, to the good quality of Cypriot clothing goods, and to the affordable prices of these items. [Excerpts] [Nicosia 0 FILELEVTHEROS in Greek 21 Jan 85 p 1]

CSO: 3521/175

provinces and municipalities in the manufacturing of dairy products, refined sugar, beer, cement, shipbuilding, refrigeration facilities and electronic instruments. As Sino-Danish economic and technological cooperation gathered momentum in recent years, the scope of cooperation has broadened and the forms of cooperation have also been diversified. From 1980 through 1982, 15 cooperation agreements were signed, including those involving the importation of Danish diesel engine production technology, joint production of marine incinerators and refrigeration equipment, a consultancy on beer manufacturing technology and a joint venture in container manufacturing.

Interest-free loans and export credits offered by the Danish government have stimulated the rapid development of bilateral trade and economic cooperation. In April 1982, we signed an agreement for the first interest-free loan extended by Denmark. Valued at 125 million krone, the loan has been used to finance the purchase of dairy products, refined sugar, sour milk and construction materials. In January 1983, we concluded another cooperation agreement which gave China a loan for 300 million krone. Last April, a Chinese delegation visited Denmark and signed a 4-year loan agreement with the Danish government which would ensure the development of bilateral economic and trade relations.

Trade relations and economic and technological cooperation between China and Denmark have chalked up an encouraging record and are headed for new achievements. We are now exploring the possibility of extending cooperation to other areas. A bright future awaits us.

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ECONOMIC

DENMARK

# PRIVATE CONSUMPTION CONTINUES AT RECORD LEVEL

Copenhagen BERLINGSKE TIDENDE in Danish 17 Jan 85 p 20

[Article by Anne E. Jensen: "Consumption Still at High Level"]

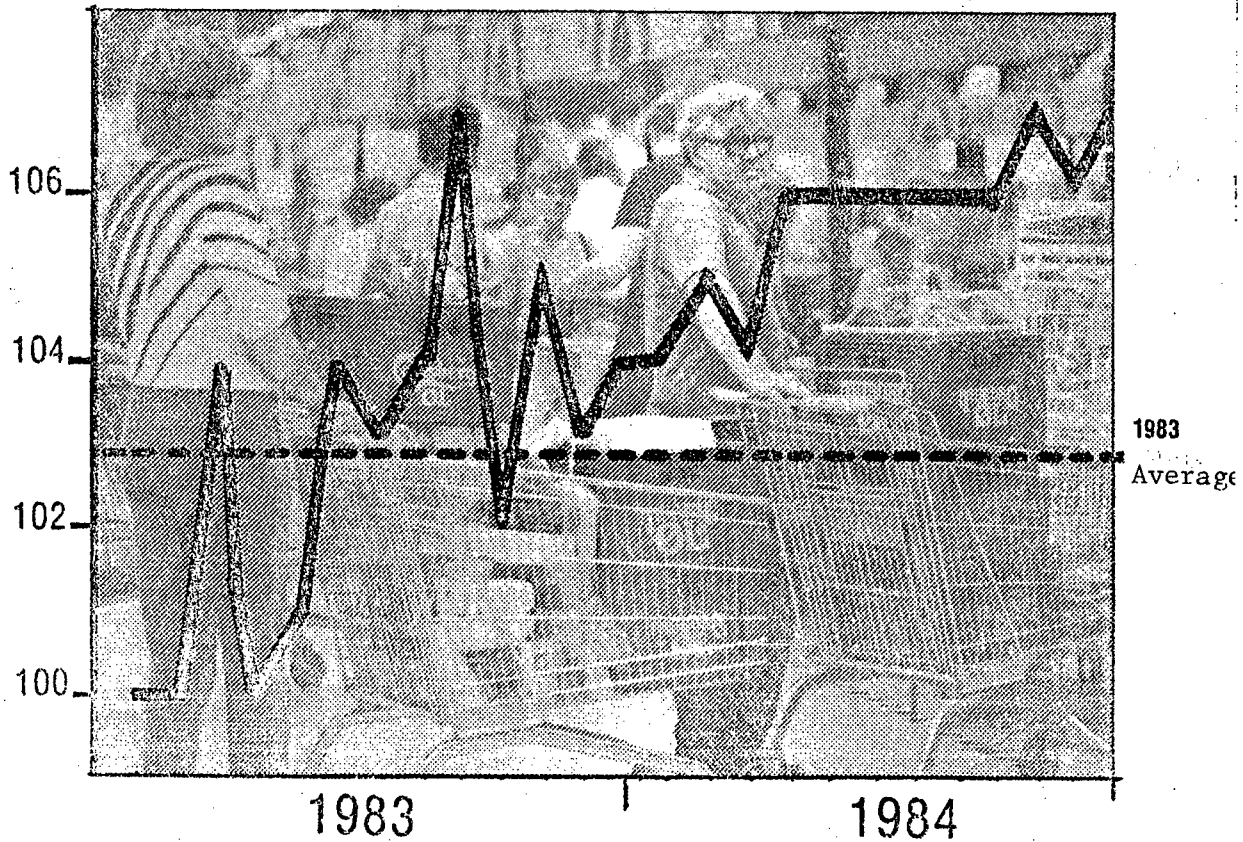
[Text]

## RETAIL SALES

Figures adjusted for seasonal fluctuation

Index

1980=100



We Are Buying More and More

The retail trade's sales rose in November and thereby document the fact that consumption is not on the way down.

The long expected decline in consumption also did not appear in November. On the contrary, Danes bought six percent more goods than in the same month the year before. This is shown by the latest statement of retail sales from Danmarks Statistik [Danish Statistical Bureau].

The seasonally corrected figures showed an increase of one percent as compared with the month before, where the figure, incidentally, has been revised upward. In November it was especially sales of food and drinks, etc., which grew, while sales of durable consumer goods also went up. On the other hand, the seasonally adjusted figures showed a slight drop in sales of clothing.

Reports from the retail trade indicate that consumption has remained high in recent times, too, although there is no reason for increased consumption in the income trend. For most wage earners have had a slight drop in real wages in the past year.

National Bank Director Hoffmeyer recently once more emphasized that he thinks that consumption is too high and that he still sees a need for financial policy tightening; accordingly, increased taxes or public cutbacks.

The National Bank's attitude is plainly reflected in the rise in interest rates.

"In spite of the fact that currency reserves are swelling, the National Bank is keeping interest rates high. This is a clear signal that consumption is too high and that it is believed that intervention is necessary," SDS [expansion unknown] Chief Economist Peter Wendt says.

However, he does not believe that the financial policy should be tightened here and now.

"It is first and foremost important now to secure sensible compromises. For example, a compromise with a shortening of the work week without wage compensation in itself will have a consumption limiting effect."

He stresses that it is the future development of consumption which is interesting and to the extent consumption is credit financed without an income basis it will certainly decrease of itself.

"But if the compromises mean a worsening of competitiveness, there must be financial policy tightening. Otherwise we will risk a pronounced worsening of the balance of payments and there will be expectations of devaluation."

ECONOMIC

DENMARK

# STUDY FINDS DANES INCREASING OWNERSHIP OF HOMES, DURABLE GOODS

Copenhagen BERLINGSKE TIDENDE in Danish 23 Jan 85 p 1

[Article by Anne E. Jensen: "Standard of Living Increases in Denmark: More Getting Own Homes; Fewer, Cars"]

[Text] We are getting more and more durable consumer goods. Over half of all Danish families have their own homes, almost everyone has a refrigerator and telephone, three quarters have color TV, and most have cars and washing machines.

Ten years ago less than half of all families owned their own homes. In 1983 the figure had increased to 54 percent. Two thirds of all families in which the man is a salaried worker or skilled worker have their own homes. The same is true for slightly over half of unskilled workers.

This comes from a study made by Danmarks Statistik [Danish Statistical Bureau].

The study shows a steady increase in the number of families which have refrigerators, telephones, color TV's, washing machines, etc.

But in one item the standard of living has evidently reached its peak. The number of families which have automobiles has dropped slightly from 1978 to 1983.

There are differences in which goods people prefer to buy. For example, it is more usual for skilled workers to have color TV's and cars than it is for salaried workers. On the other hand, they place greater emphasis on having dishwashers and telephones.

The population group which has the most durable consumer goods is the farmers. Almost all have cars, telephones, deep-freezers and washing machines. Over half also have dishwashers.

On the whole, the self-employed are well supplied as far as durable consumer goods are concerned. Among self-employed people outside of agriculture, 86 percent have their own homes and over 90 percent have cars.

There is of course a close connection between income and the number of durable consumer goods a family has. However, largely speaking everyone has a refrigerator and telephone, almost regardless of income. On the other hand, the figures indicate that dishwashers continue to be regarded as being somewhat of a luxury. It is just a fifth of all Danish families who escape washing dishes in this manner.

Vacation homes are also still only for the few. Only a tenth of all Danish families have vacation homes, and this figure has remained unchanged for the last 10 years. One's own vacation home is not even common for the richest families. Only a fourth of families with incomes above 300,000 kroner, for instance, have vacation homes.

8985

CSO: 3613/89

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

GOVERNMENT'S ANNUAL ECONOMIC REPORT STRESSES ENVIRONMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 31 Jan 85 p 11

[Article by Ho: "A Clean Environment Cannot Be Had for Free: Government Passes Annual Economic Report/Efforts To Achieve Moderate Wage Contracts/Less Bureaucracy"]

[Text] Bonn, 30 January. On Wednesday, the Federal Government passed the annual economic report and in it announced additional steps aimed at improving the basic economic conditions which extend into the next legislative period and are designed to secure the course of the "market economy renewal," which was initiated in 1982. These include primarily the reduction of the state deficits, a growth-oriented tax policy which includes reform of entrepreneur taxation, strengthening of the self-capitalization basis of enterprises and the reduction of bureaucratic regulations. Federal Economics Minister Martin Bangemann appealed to employers to continue the moderate wage policies of recent years with moderate wage contracts and to create more headroom for new jobs.

For the first time, the Federal Government devoted a separate chapter in an annual economic report to environmental policy. In doing so, it urged the market-economic environmental policy; production processes inimical to the environment should not be permitted to become profitable and environmentally friendly processes must be made to be economically viable. The environment is said to be in short supply and must not be utilized in the market economy like a "zero-tariff." Over the next few years the government intends to strengthen environmental policy in terms of medium and long-range goals and thus remove the "lack of confidence on the part of the public in the legal system," which is often the subject of complaints. The economy must be able to facilitate environmentally friendly products and production processes more than hitherto through the activation of innovative forces and must become a contributor to the "uncoupling" of economic growth and the burdening of the environment. While the Federal Government could not forego a minimum of regulations and prohibitions, it would place more emphasis upon tax incentives for environment-protecting items. In addition, the Federal Government favors the following economic policy measures:

Budgetary and tax policy: The consolidation of state finances introduced in 1982 must be continued without fail. The state quota (share of all state

expenditures in the national product) is to be reduced to less than 48 percent by the end of 1985. This would simultaneously increase the amount of elbow room for additional tax reductions. For the next legislative period the government has announced an initiative to improve the business tax situation. Also the tax rate reform is to be continued for the foreseeable future.

Wage policy: With as moderate as possible a wage policy employers as well as unions have the capability of facilitating more employment in the opinion of the government. Over the next few years moderate wage agreements must also contribute to seeing to it that the rise in real wages does not completely exhaust the distribution elbow room. Last year wage agreements had reportedly shown that "a moderate nominal wage increase does not need to signify the foregoing of a real wage rise and the dampening of overall economic demand."

Denationalization: Regardless of the still ongoing dispute between the CDU and the CSU regarding the partial denationalization of the Lufthansa Airline Economics Minister Martin Bangemann emphatically favored a reduction in the size of the public participation in the enterprise. The supreme guidelines must be that the burden of proof for the total economic necessity of state entrepreneur activity lies with those who have a public interest in maintaining state participation.

Debureaucratization: With the aid of deregulation and debureaucratization the Federal Government wishes to improve the conditions for more flexibility and competition. In this context debureaucratization is seen as "a continuing task." All new regulations proposed by the ministries would have to be reviewed more stringently. Through the use of the "Law Revalidation Act" and through several other decrees, it will soon be possible to strike numerous regulations without replacing them and make thousands of administrative actions superfluous.

#### Basic Values of Economic Development (Changes in Percent)

<u>Indicator</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Gross national product, actual	+ 1.3	+2.6	+2.5
Price increases, consumption	+ 2.9	+2.6	+2.0
Number of employees	- 1.7	-0.3	+0.5
Private consumption, nominal	+ 4.1	+3.5	+3.5-4.5
State consumption, nominal	+ 2.7	+4.1	+4.0-5.0
Fixed asset investments, nominal	+ 4.8	+3.2	+5.0-6.0
Gross income from business activity	+11.2	+9.5	+6.0-7.0
Gross income from wages	+ 1.7	+3.0	+4.0-4.5

[Box]

A rapid abolition of the corporate tax and the stock exchange turnover tax cannot be counted upon. This is clear both on the annual economic report as well as from the response of the Federal Government to the question raised in



the Bundestag regarding the promotion of risk capital creation. The annual economic report addresses this topic very reticently and says that following the establishment of the preconditions in line with the economic law the government will take the appropriate steps in this direction. Obviously, Federal Finance Minister Gerhard Stoltenberg prevailed in this matter since he feared a shortfall of tax revenues of roughly 700 million DM.

5911

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

GOVERNMENT OPTIMISTIC ON GROWTH, INFLATION, EMPLOYMENT

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 31 Jan 85 pp 1-2

[Article by Ho: "Growth, Low Inflation, Less Unemployment: Optimistic Prognosis of the Federal Government"]

[Text] Bonn, 30 January. The Federal Government appears to be convinced that the forces of growth in the third year of the upswing in the Federal Republic will be adequate to palpably reduce unemployment for the first time since 1979. This is evident from the annual economic report which the government passed on Wednesday. According to the "basic data" for projected economic development in 1985 real economic growth is expected to amount to 2.5 percent "or more," money devaluation is supposed to be limited to 2 percentage points and the number of unemployed during the year is expected to decline by more than 100,000. In its economic policy considerations the government is favoring additional promotion of efficiency and self-initiative, budgetary consolidation and growth forces in the economy. It has announced a number of tax reductions to be introduced during the next legislative period.

Federal Economics Minister Bangemann emphasized two key points of the report after the Cabinet meeting: First, the government has "justifiable confidence" that the economic upswing will continue this year. "This is much more than an expression of hope, it is a certain anticipation," said the minister. In all probability the upswing will speed up a little this year. Furthermore, the report is characterized by the will of the government to stay consistently on the path of "market-economic renewal" despite all resistance. The goal is to achieve that degree of "long-term economic upswing" which the council of experts has considered attainable in its latest report. Bangemann said that the market economy would remain on the offensive in any event.

The minister advised the Central Bank Council of the Bundesbank, which met this Thursday in Frankfurt, to alter its interest rates. The Bundesbank would be well advised to continue its monetary policy course which had extensively attained stabilization of monetary values and facilitated a "strong real economic growth." With respect to the most recent decline in new licensing of German automobiles the ministry thought that this could well be attributable to the new exhaust gas regulations. It remained unclear what type of

tax benefits the Federal Government had decided upon for automobiles which had clean exhaust fumes. Bangemann appealed to automobile buyers to give up their reluctance and to decide to purchase the tax-advantaged catalyst vehicles being offered in increasing numbers by industry.

The economic political spokesman of the SPD opposition, Roth, called the government report a "document of self-righteousness." The government was thoughtlessly overestimating the chances for additional growth and was concealing the incalculable risks. Furthermore, the report fails to "seriously deal with" the acute and long-term problems of the national economy.

Mass unemployment is being minimized and the question of making a living for millions of people is made into a national economic "remainder." Obviously, the government does not know how it can reduce the army of the unemployed. According to Roth, "there is no cause for official government celebration."

On the other hand, the economic policy spokesman of the FDP faction, Count Lambsdorff, considers the report of his successor to be "an impressive economic policy success balance sheet" of the new coalition. The policy of a constant growth improvement is beginning now to bear fruit. However, Lambsdorff regretted that the statement on the abolition of subsidies sounded "very reserved"; the FDP would therefore remind the government of its organizational principles. A similar expression came from the economic policy spokesman of the CDU/CSU Bundestag faction, Wissmann. He protested against the criticism by the opposition; obviously the SPD was once more attempting to "obfuscate its failures of 1981 and 1982."

The large economic associations considered the "goal projections" and the economic policy intentions as realistic and promising with respect to future economic prospects in their first reactions. However, the Federal Union of German Employer Associations warned that the risks for some significant economic branches such as the construction and automobile industries should not be taken lightly. A consistent continuation of the course of cost and price stabilization would be all the more necessary now. Only in such a manner can a reluctance to buy with respect to consumers as well as investors be countered. The Federal Association of the German Industry (BDI) reminded the government to begin the preparations for the announced reform of the corporate tax rapidly. "Positive signals" for long-term and high-risk investment decisions by entrepreneurs must be already set today.

The Federal Association of German Banks told the government that it would continue its strategy of market-economic renewal in 1985. In fact it is necessary to permanently improve the growth conditions of the German economy and to resist all "useless" economic programs. The Federal Government could point to successes and should hew to its economic policy line. Still to be mastered is the specific task of reducing the tax and duty burden for enterprises without at the same time abandoning the path of budget consolidation. The German Industry and Trade Association (DIHT) missed a "clear and concrete intention" of the government to minimize subsidies step for step. The government had announced appropriate initiatives in last year's economic report. The notations in the new report are "organizationally of little help and expressly unbinding."

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

## FRG HEAD COMMENDS CHINA'S OPEN DOOR POLICY

Beijing LIAOWANG [OUTLOOK] in Chinese No 48, 26 Nov 84 pp 35-36

[Article by Xia Zhimian [1115 3112 3094] and Li Aihua [2621 1947 5478]:  
"Weiss: The Voice of China Will Be Taken Seriously"]

[Text] Special dispatch from Bonn--It was an afternoon in genial autumn sunshine when we arrived at the headquarters of SMS Schloemann-Siemag AG in the Dusseldorf civic center. The brass banisters and the heavy wooden doors in the building have reminded us that this is an enterprise of considerably long history. Mr Heinrich Weiss, chairman of the board of directors of Siemag Co greeted us at his spacious office.

Mr Weiss belongs to the generation of entrepreneurs of the FRG who have courage and insight. Siemag is an old enterprise founded 1871. When Weiss assumed the leading position in Siemag in 1973 he was only 30 years of age, becoming one of the youngest chairmen of the board of directors in the FRG. He is also chairman of the Chinese work group under the German Economic Oriental Commission and chairman of the economic commission of the ruling party, the Christian Democratic Union. In a certain sense, he is a spokesman for FRG economic circles dealing with China trade and also an economic adviser to the government. Therefore, not only can he express his opinion about China's open door policy from the standpoint of a company board chairman but also from the angle of the entire FRG business circles.

After shaking hands warmly, we immediately began our conversations without restraint. The topics began with his recent trip to China accompanying chancellor Kohl. He told us that Deng Xiaoping made a 1-hour report especially for the western entrepreneurs in explaining China's open door policy and its background and that he felt greatly honored. Premier Zhao Ziyang also described the guidelines of the 3d Plenary Session of the 12th CPC Central Committee to them. On the day of his departure, he also received the full text of the communique of the plenary session. That was why he said he had obtained the "first-hand material" about China's urban reform during his trip.

Weiss expressed confidence that China's open door policy will not change. He quoted Deng Xiaoping as saying that if there is any change in the future at all, it will not be closing the door to the outside world, but opening

the door wider. The three of us smiled heartily at this point appreciating the remarks which appropriately conveyed the wishes of both sides. He continued: You see, a man like Zhao Ziyang who once introduced agricultural reform in Sichuan has now become the premier, does this not prove that reform has to be continued?

Weiss held that it is very wise that China started its reform with agriculture because 80 percent of the Chinese people are peasants. The first group of results on agricultural reform has consolidated the people's confidence in the reform and reduced resistance and will help promote urban reform. Moreover, as a result of increases in agricultural output, the foreign exchange used for importing grain has been saved for use in importing industrial equipment and technology.

He told us seriously that he himself welcomed China's open-door policy not only because he wanted to do more business with China but also because he hopes China will become strong economically and politically. China does not seek hegemony or commit aggression against others. A strong China will contribute to the stability of world situation. He believed that it will not work by relying on administrative means alone in guiding the economy, but the initiative of each and everyone and the role of the market must be put into play. China's current policies therefore can affirmatively bring about China's industrialization and modernization thereby enhancing China's economic strength. Furthermore, with the implementation of the open-door policy, China's international economic cooperation will be further developed with each passing day, China's diplomatic position will also be strengthened, and China's voice will be taken more seriously among nations. China, which accounts for one-fourth of the world's population, will show its importance more prominently in international affairs.

At this point, an event involving Weiss has come to our mind: in the 1980's when our country took measures to readjust industrial development and decided to cancel orders for purchasing certain equipment from abroad for the Baoshan iron and steel complex. The cancelled orders included the cold-rolling equipment ordered from Siemag to which a certain compensation payment was planned. However, Weiss suggested that China not cancel the order but postpone the contract for 3 years because, from a long-range point of view, China will continue construction sooner or later. Later, as expected, the Baoshan steel project started again and the contract with Siemag was continued. Not only that, because the terms offered by Siemag were generous, the hot-rolling equipment originally ordered from Japan and subsequently cancelled is now also being provided by Siemag. The judgment made by Weiss at that time has brought advantages to both sides and developed the economic relations between the two countries.

In the conversations, Weiss expressed moderate optimism toward the economic relations between the two countries. He held that the open door policy and the reform measures have made it easier for the foreign manufacturers to do business with China. They have made both sides understand each other more easily in reaching an agreement. He pointed out that while FRG entrepreneurs are very enthusiastic about developing trade with China, especially about

the transfer of technology and joint ventures, they are quite cautious. The work to be done now is for the Chinese side to speed up economic legislation. Both sides should reach unanimous agreement on the rules and regulations and work procedures in enterprises under joint ventures so that common criteria and common language can be found in cooperation.

Referring specifically to Siemag itself, Weiss is quite satisfied with the progress it has made so far. He is extremely happy that he could win the purchase order for the hot-rolling mill originally handled by the Japanese financial group. Together with other companies, they are now designing and manufacturing the hot-rolling and cold-rolling equipment for China which are expected to be put into operation around 1990. He happily told us that to the FRG enterprises, the equipment for the hot-rolling mill alone means an 8-month work load for 8,000 workers, not including factories supplying spare parts and fittings. Touching on the future, Weiss emphasized that his company would devote itself to renovating China's old factories and would not again undertake large equipment as that for the Baoshan iron and steel complex. They have received designing assignments for renovating the Shanghai and Beijing iron and steel plants and will exchange views with China as soon as the preliminary tentative plan is ready.

It was dusk when the evening lights were lit as we left the Siemag headquarters after saying good-bye to Mr Weiss. In the car running at high speed we talked about Comrade Xiaoping's remarks quoted by Weiss: If there is any change in the future at all, it will be opening the door wider! China's open door policy is like a giant magnet attracting all western entrepreneurs who wish to cooperate with China on equal footing.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

KRUPP-KLOECKNER MERGER COULD BE REALITY BY JULY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 Jan 85 p 15

[Article by Js: "Steel Fusion Between Krupp and Kloeckner To Take on Practical Form: Presumably by Mid-1985/'Nonsteel' Activities Gaining Rapidly in Significance"]

[Excerpt] Kloeckner Works, Duisburg. The merger between the steel-producing enterprises of the Krupp Steel Company and the Kloeckner Works with the participation of the Australian Cra Group will take on a practical form by 1 July. No one can justify any opposition to this merger. This is the opinion now expressed by Dr Herbert Gienow, chairman of the board of the Kloeckner Works. Gienow expressed the expectation that an agreement would soon be reached with Land Niedersachsen regarding the closing down of rolled steel production at the Georgsmarienhuetten Foundry. Although Land Niedersachsen could not be assured of a full replacement for every eliminated job new jobs would be created in noteworthy numbers. The shutdown plans are currently being examined but he cannot imagine that the examination resolution could turn out negative, said Gienow. The merger would do away with the total of 3,000 jobs.

According to Gienow, 1985 will be a year of consolidation for the steel industry. Only a very modest margin increase of between 0 and 3 percent can be anticipated. The 1 April price increases will during the year probably be followed by a similar price increase. In the nonsteel processing industry portion of the company substantial growth rates can be anticipated this year also as became clear with the introduction of the Kloeckner sister company--Ferromatik Desma GmbH, which has worked its way to being the leading manufacturer in the world of plastic injection molding machines. At the beginning of the new business year a large-scale order from the Soviet Union covering 19 shoe-fabricating machines valued at 22 million DM was received. The contract worked out with the Soviet Tekhmashimport enterprise in Moscow covers machines which bond shoe soles to shanks.

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CSO: 3620/253

ECONOMIC

FINLAND

SOVIET WESTERN TRADE OFFICIAL PISKULOV ON TRADE WITH FINLAND

Helsinki UUSI SUOMI in Finnish 14 Jan 85 p 15

[Article by Riitta Hilden and Ilkka Lampi: "Yuriy Piskulov Points Out That Compensation Projects Must Be Tested"]

[Text] We Can Make a Go of This

"We always reach an agreement, even though the problems seem big at first," says Dr Yuriy Piskulov.

What is at issue this time is Kemira's Uusikaupunki gas project, but it could be anything.

Yuriy Piskulov--doctor of economic science, 51 years old, deputy director of the Western trade administration in the Soviet Union's Foreign Trade Ministry--has known Finland and the Finns for more than a couple of decades. He has done business with the Finns both under orders in Finland and at the Foreign Trade Ministry in Moscow.

The Muscovite charmer is right at home here: good-humored, quick-witted, knowledgeable, flexible or firm, hard as stone, hissing anger. A neighbor, but always the big eastern neighbor.

Piskulov has been involved in the work of the economic commission since the commission's establishment, with the exception of a break of several years for his dissertation. The post of general secretary of the Soviet side has now--along with the change in commission director--changed into membership in the secretariat, but at this stage Piskulov is still one of the central experts in the Soviet group.

"This conference was the same as the previous ones: constructive, businesslike and fruitful," he says, as expected. He does not always speak as expected.

He knows how to use the Finnish news media skillfully in order to get what he wants, and he sometimes mentions things about which the Finnish side is in strong disagreement but does not speak about publicly.



"It was useless for compensation-based projects to rise to the fore as a central issue in the discussion conducted at the economic commission conference," says Doctor Yuriy Piskulov.

"For the time being, no one has come up with anything by which the importance of oil or oil products in Soviet imports to Finland could be compensated." Piskulov makes certain that the fundamental issue is not forgotten while looking for a new one.

Oil is the Soviet Union's "liquid foreign currency" and will also remain as such for the time being.

"The future of trade has to be pondered, of course. Compensation-based projects are one form of economic dealing which could provide additional impulses for our mutual exchange of commodities and make Soviet imports to Finland more diverse.

"They can also have great significance sometime in the future," admits Piskulov.

Even now there are a bunch of problems obstructing compensation-based projects; the most central one is certainly financing. If a Finnish enterprise builds a factory which is paid for with products of the very same factory, how does the Finnish exporter receive his money so that the clearing balance does not turn a somersault?

#### Precedent for Cheap Interest

"The payment question has to be solved on the basis of a trade clearing system between the countries," says Piskulov.

It is not a question of just any money whatsoever in this arrangement.

"If we obtained financing for the projects in accordance with OECD conditions, it would mean 14 percent a year. A project whose delivery and repayment time is nearly 10 years would easily double in value in comparison with implementation as a normal clearing transaction.

"It will not do, it will not do."

But there are alternatives, after all.

"For example, Finnish bankers and the state of Finland could help projects like these by giving low-interest loans," Piskulov says semicarelessly.

"After all, we have a precedent. We gave Finland loans at 4, 5, 6 percent interest, and Finland gave us credit at 6 percent as a special account.

"There could be help from such arrangements even in the future."

## Trial Projects

A payment arrangement will be deliberated this spring by the economic commission's group of experts, to which belong Finnish and Soviet foreign trade officials and representatives of banking and industry.

Solution proposals are awaited--in addition to the trade authorities--by many Finnish enterprises, for whose desired projects there would not seem to be room in the protocol dealing.

The list of available projects is huge, but there is a decision on both sides in favor of three pilot projects with which the compensation base's ability to function is tested.

The trial projects would be the Outokumpu color metallurgy project, the Raute and Schauman veneer project and possibly the MTBE [Methyl Tertiary Butyl Ether] plant offered by Neste.

## Petsamo as Normal Transaction

Piskulov removes Outokumpu's Petsamo undertaking from the compensation project list but adds to it Wartsila's diesel engine factory which could, in his opinion, have a partial compensation basis.

"We could provide Finland with diesel engines or their spare parts.

"We are coming to the conclusion that financing of the Petsamo nickel mine will be arranged on the traditional basis of a trade agreement and clearing account between our countries. In other words, we buy machines and equipment.

"On the other hand, the plant which treats the scrap of color metallurgy should be organized precisely on a compensation basis. So during construction we should strive to deliver to Finland the corresponding field's products and after construction specifically this plant's products. The question is, of course, how quickly the plant's construction can be paid back.

"The veneer plant is the easiest to finance, because it is a smaller factory and its construction only takes about a year and a half. After the plant is finished it can be paid back immediately as veneer."

What about after them, if the results are promising. Will one be paid, for example, with Arda cellulose and paper?

"I have understood that the Finns are offering a large group of projects above the level agreed upon in the 5-year agreement. The question is whether possibilities will be found for them."

## Chemistry and High Tech

Cooperation in production is Piskulov's favorite topic. After the meetings of the economic commission came to a close, Kemira's new 15-year agreement was signed; it makes Piskulov enthusiastic.

"The Kemira agreement is an example of production cooperation in an entirely new sphere of activity. When he arrived in Finland, Deputy Prime Minister Arkhipov said that in his opinion chemical products would suit long-term co-operation just as well as the products of the metal industry. Just as well.

"This Kemira project also influences many other fields of activity; it has a chain reaction effect.

"The atomic icebreaker agreement has a similar chain reaction," says Piskulov and praises the Taimyr agreement made at the end of last year by Wartsila as "the two countries' high-class high tech project," of which the continuation follows.

"We will keep developing the ships of the future in cooperation, among others, nuclear-powered vessels intended for arctic areas which can move about on the ocean independently and continuously for several months."

Valmet has already spoken in public about a project for developing nuclear-powered transport vessels. In the project, says Piskulov, is, "among others, Valmet but why could we not also order ships from Wartsila, with whom our co-operation in this field is long."

#### Natural Gas as Raw Material

Piskulov also believes firmly in natural gas.

"It is the raw material source of the future. It is assumed that during the new 5-year period natural gas deliveries to Finland will increase two to two and a half times.

"Natural gas can be used as a raw material in the chemical industry as well," Piskulov continues his instruction and at the same time evades a question about the pricing of natural gas because "it is not in my field.

"After all, Kemira has plans for an Uusikaupunki plant which alone could consume 500 million cubic meters of natural gas a year in the production of ammonia."

Realization of the project may depend on whether you sell the natural gas for it sufficiently cheap.

"Why specifically cheap? Why?" Piskulov drops back.

"At a price which benefits both parties and cooperation."

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CS0: 3617/63

ECONOMIC

FRANCE

# INSEE'S ECONOMIC PROJECTIONS FOR 1985

Paris LE MONDE in French 20 Dec 84 p 27

[Text] After shrinking to half its 1982 level in 1983 and again to half its 1983 level in 1984, France's trade deficit, now 25 billion francs, will cease to decline during the first half of 1985. It will stabilize at the 1984 level, or at an average of two billion francs per month.

This INSEE [National Institute of Statistics and Economic Studies] projection was published in its latest summary memorandum released on Wednesday, 19 December. The INSEE predicts that foreign demand will cease to benefit from the strong recovery in the United States, as it did in 1983 and 1984, and from the export advantages associated with a strong dollar. Since early in 1983, the United States has contributed 0.7 percent per year to the growth of the European Group of Ten countries. At the beginning of 1985, a slowdown of U.S. growth should be anticipated; it will be partially offset by stronger activity in Europe.

On the other hand, France will certainly not be able to achieve the same advantageous food and farm surplus position it enjoyed in 1984, an exceptional crop year. Similarly, inventory reserves of manufactured goods should fall. As for the energy deficit--abnormally "low" in the third quarter of 1984, on the order of 14 billion francs--it should rise to roughly 16 billion francs in the fourth quarter and remain at that level. This assumes an average par value for the dollar of 9 francs and a stable price for oil (\$29.00 per barrel).

Other INSEE projections for the next six months are summarized below:

Prices: The slowdown in price increases which began in 1983 will continue. The inflation rate slid from 9.6 percent in that year to 6.7 percent in 1984, according to the latest estimates. "A 3.1 percent increase--equal to that registered for the second half of 1984--is projected for the first half of 1985; however, this reflects a greater concentration of price increases at the beginning of the year than during the second half, particularly for government prices."

During the first six months of 1984, prices increased by 3.7 percent. The INSEE notes that the annual inflation margin over our main trading partners, pegged at 4.4 points at the end of 1983, again reached 2.7 points in October, and that although the margin over West Germany has decreased, it remains high (4.2 points).

Household Income: The purchasing power of household disposable income, after registering a decrease in 1983 and 1984, will increase slightly during the first half of 1985, due to lower taxes, a decline in the erosion of earned income and stabilization of the income of privately owned businesses. The savings rate will remain roughly 14 percent. "Nonetheless, no net increase in consumption can be anticipated before mid-1985," states the INSEE, while raising another important point.

Household investment in housing should see a halt in the downward spiral which started in 1981 and may register a slight increase during the second quarter of 1985. "Housing starts recorded in the third quarter of 1984 show a slight recovery, following the sharp decline recorded for the previous quarters," This increase "will automatically exert an impact on investment early in 1985."

Business: "The national accounts show that the condition of businesses has steadily improved since the second half of 1982," due primarily to a slow-down in wage increases and continued gains in productivity despite slow growth. The savings rate for businesses is projected to increase from 9.6 percent in the first quarter of 1983 to 15.9 percent during the second quarter of 1985. The rate of self-financing is anticipated to reach a peak: 94.3 percent during the second quarter of 1985, compared to 54.5 percent during the first quarter of 1983.

The volume of industrial investment will increase 3 percent in the first half of 1985, compared to 9 percent in 1984.

Unemployment will remain the problem area of the economy. The ranks of active job-seekers will swell due to unemployment among the young. The INSEE very cautiously takes into account the impact of the system adopted in September 1984 to combat youth unemployment (new rotating training programs, collective works, extension of education); the impact of this system should begin to show up in the first half of 1985. Because of this, unemployment among the young should remain at the level existing at the end 1984. In June 1985, there would thus be roughly 2,500,000 unemployed, as opposed to 2,400,000 in December 1984, according to the latest estimates, as adjusted for seasonal unemployment.

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ECONOMIC

GREECE

BRIEFS

EEC AGRICULTURAL GRANTS--The EEC, which was so bitterly criticized by the PASOK especially when it was in the opposition, finances 50 percent of the Ministry of Agriculture's program of public investments for 1985. This program, as the minister of agriculture, Mr. K. Simitis, announced to journalists yesterday, will cost 16.64 billion drachmas versus 12,015 billions last year. The amounts to be approved in 1985 for the program to fight unemployment, which in 1984 totalled 630 million drachmas, are to be included in this financing. [Text]  
[Athens I KATHIMERINI in Greek 9 Feb 85 p 1] 12278

CSO: 3521/169

ECONOMIC

NETHERLANDS

## LABOR UNION INSISTS ON 36-HOUR WORKWEEK

Rotterdam NRC HANDELSBLAD in Dutch 22 Jan 85 p 1

[Text] Amsterdam, 22 January: The FNV [Netherlands Trade Unions Federation] persists in demanding a 36-hour workweek. Employers who refuse to shorten working hours are turning their backs on the social consequences of mass unemployment, said FNV chairman, W. Kok.

According to him, there is no question of excessive demands in the desire of the trade union to arrive at a settlement on a 36-hour workweek. "We are fully aware of the economic implications," said Kok. He reiterated that wage improvement is not the greatest priority of the union. The FNV does not go along at all with the notion of the employers, to table for the moment a general (that is, affecting everyone) shortening of the workweek in order first to study the results of having shortened the workweek to 38 hours, as has now happened in most businesses.

Executive Officer J. Stekelenburg expressed fear that, if the employers do not go through with shortening the workweek, the positive effects that the first reduction, down to 38 hours, has had on job opportunities will again gradually diminish.

Yesterday afternoon, during a press conference called by Kok, many FNV executives emphasized that it is very surely not the intention of anyone to impose the 36-hour workweek "from on high." In branches of industry and other business enterprises, the shortening of the workweek will have to be worked out while taking into account the present trouble spots. The working out will have to happen precisely on "as low a level as possible," for example, by departments, work units and so forth. "It is absolutely necessary for the shortening of work hours to be adjusted to the type of work units affected," says a memo from the FNV.

According to Chairman Kok, however, this FNV scheme does not mean that the unions will go along with forms of shortened workweeks that do nothing but advance the cause of industrial "flexibility" (allowing employees to follow a reduced schedule when work is slack, for example), but scarcely help to produce any new jobs. "And as far as possible reemployment is and remains the starting point," says Kok.

Administrator Drabbe added yesterday that the industrial day (the time that the "gates" are open) will at least have to be maintained, while he did not exclude the lengthening of the industrial day, either. "The employers' allegation that the trade union is rigid and wants nothing but the 36-hour work-week does not hold water," said Drabbe.

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CSO: 3614/62



ECONOMIC

SPAIN

## OVERVIEW OF AGRARIAN SECTOR PRICE STRUCTURING

Madrid YA in Spanish 8 Jan 85 p 19

/Article by Melchor Enrique: "Guaranteed Farm Prices Below Production Cost"

/Text/ The so-called farm price negotiations, through which the annual increase in 17 products subjected to regulation is fixed, ended with divided opinions and an average increase of 4.7 percent for guaranteed prices. Parallel to that, the increase ceiling established for "inputs" or the means of production was 7 percent which means that the sector is 2.3 percentage points short; this means a loss of income unless the indicative /index/ prices--whose average will also be 7 percent--work adequately.

For the second consecutive year--for better or worse, the date will go down in the history of the first socialist administration--price negotiations, probably the last to be held if Spain joins the EEC in 1986, ended without any overall agreement. The administration feels that its offer of 4.7 and 7.1 percent increase in guaranteed and indicative /index/ prices, respectively, is a realistic step that brings Spanish agriculture closer to Community agriculture. Two agricultural organizations--COAG (Farmers and Ranchers Coordinating Organization) and UPAFTT (Union of Small Farmers)--go along with this view to some extent; but there are another three organizations that have termed the presumed effort to move Spanish farm prices closer to Community farm prices as being ridiculous; those three organizations are the CNJA (National Center of Young Farmers), the UFADE (Union of Agricultural Federations), and the CNAG (Confederation of Farmers and Ranchers).

For the second year, likewise, there is one product, wine, whose price will remain frozen at the levels of two harvests ago (120 pesetas per hectograde) if, as it now appears certain, the cabinet approves the price list proposed by the agrarian administration and examined yesterday by the Delegated Commission for Economic Affairs.

## Prices and "Inputs"

During the 1985-1986 farming year, guaranteed prices will not show the same rise as prices on "inputs" or agricultural production elements (gas-oil, electric power, and fertilizer) although the difference is much less.

Last year, with an input price rise ceiling of 11 percent, guaranteed prices on the 17 products subjected to price controls (wheat, barley, oats, rye, corn, sorghum, leguminosae feed, rice, sunflower, beets, sugar cane, cotton, wine, olive oil, beef and pork, as well as cow's milk) experienced an average increase of 6.7 percent. For the 1985-1986 farming season, the average rise in those same prices drops to 4.7 percent but the growth ceiling for inputs drops 7 percent.

## Market Prices

It appears obvious that the farming regions are getting better treatment this year than in 1984; although the price rise for inputs continues to be greater than the increase granted for guaranteed prices, the difference between both of these percentages goes down quite considerably. Between 11 percent and the figure of 6.7 percent as established, respectively, for inputs and prices during the 1984-1985 farming season, there was a difference of 4.3 points while between 7 and 4.7 percent for this year, that difference shrank to 2.3 points.

The big novelty this year undoubtedly was the inclusion, for the first time in the short history of these negotiations, of indicative prices in the package of possible agreements. But not even on this item was there any overall agreement among all of the OPAS (agrarian professional organizations); but as regards guaranteed prices, all of them were much closer this time.

In spite of the better comparative treatment which the agrarian sector is getting as a result of the price-inputs binomial, it is true that, if that were the only true fact in this situation, it would continue to lose a good part of the income which it would be getting if guaranteed prices were equal to or slightly higher than the prices on inputs. This is precisely why farm policy officials stressed the effort the administration is facing in making an offer on indicative prices which will be those that--at least that is what they have assured us--will in effect prevail on the market so that the producers will have to sell at the guaranteed price only as a last resort.

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ECONOMIC

SPAIN

INITIAL CYTD PROJECTS TO BEGIN IN JUNE

Madrid ABC in Spanish 8 Jan 85 p 35

[Text] The first four research projects between Ibero-America and Spain may begin in June of this year according to Jose Antonio Munoz Delgado and Francisco Ferrandiz. The former is a member of the technical management board of the CYTD (Joint Ibero-American Science and Technology Cooperation) program; the latter is the technical secretary for that program.

The general agreement was signed in Madrid in May of last year by 20 Ibero-American countries, including Spain and Portugal.

The agreement lays the foundations for real and practical cooperation between the highest-level research groups of the 20 countries. Spain financed the supporting structure for cooperation and each group that joins a project finances its own research.

This is a cooperative effort among equals which also permits the participation of scholarship students from countries that do not have sufficient centers and scientists in a certain area.

The four projects already selected during the meeting of the technical management board of the program held in Mexico last November will hopefully be approved during that body's meeting next May in Venezuela.

These four projects, the first under this program, are intended to resolve shortages and real problems of the member countries.

It will be directed at four specific areas: Crayfish farming, the development of a fast diagnostic system for the prevention of diseases, a catalyst for the petroleum industry, and an automatic system for industrial processes.

These four projects--according to statements made to EFE [Efe Agency] by Munoz Delgado and Ferrandiz--will be intended to provide technologies for the procurement of proteins, wiping out diseases in persons, animals, or plants, laying the foundations for a domestic petroleum technology, and optimizing industrial activities.

"Ibero-America has a higher scientific and technical development level than it appears," says Munoz Delgado, "and the data obtained in the inventory of science and technology have already been stored through the program which is the first program to have been carried out so far."

"This inventory and the agreement on a single methodology," he added, "will permit greater speed and effectiveness in the presentation, evaluation, and followup of the approved research projects. These projects will try to coordinate the efforts of the most important research groups in the area and get them to work together, with the most modern scientific technologies used in solving the area's serious social-economic problems."

"The projects could be defined," he continued, "as the most serious attempt so far made jointly by Ibero-America to achieve its own scientific and technical development through its own efforts."

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CSO: 3548/77

ECONOMIC

SPAIN

#### VOLKSWAGEN ANTICIPATES SEAT TAKEOVER BY SUMMER

Hamburg DER SPIEGEL in German 28 Jan 85 pp 82-83

[Article: "Fit Together"]

[Text] The Spaniards, said VW chief Carl Hahn a good 2 years ago, should enjoy the same driving pleasure as their king. Juan Carlos, when off duty, loves to drive VW products: Golf GTI and Audi Quattro.

Hahn had just then agreed with his colleagues from the Seat automobile manufacturer with regard to production of Volkswagen automobiles in Spain. In the meantime, the first result has become visible: Volkswagen has increased its market share in Spain from not quite 1 percent to more than 5 percent.

It could soon grow strongly higher. The Spaniards are convinced that they have found an ideal partner in VW. The Wolfsburg enterprise--"so German, so solvent, so efficient," according to the daily EL PAIS, is said to be buying into the Sociedad Espanola de Automoviles de Turismo.

Wolfsburg is showing an interest. For months now, experts from both enterprises have been discussing the significance and the chances of a German capital participation in Seat. Nevertheless, nothing has yet been decided.

First, Hahn and his experts want to know exactly what they are getting into in Spain. They have hired McKinsey enterprise consultants. When this company presents its report in about May, Volkswagen would like to conclude the Spanish negotiations in the summer.

Wolfsburg undertook its first venture on the Iberian Peninsula with a contract dated in fall of 1982. According to this contract, the Spaniards were to build up to 90,000 Polo/Derby cars as well as an additional 30,000 Passat/Santana vehicles in their factories near Barcelona and Pamplona each year for 7 years.

In this manner, VW was able to assure itself of production facilities in the Spanish market, which is protected by high import tariffs and simultaneously secured for itself the densest dealer and service network in the country. The costs of the German-Spanish collaboration were thus far primarily paid by the new VW partners. However, in the long run, Hahn knows that "one cannot get something for nothing even in Spain."

The Seat people would like to have seen some VW participation as early as 1982. Following the 1981 withdrawal of Fiat, the Italian automobile manufacturer, from the state enterprise after more than 30 years of collaboration, Seat stood at the brink of collapse, since, in the final analysis, Fiat owned almost half of the Seat capital. The enterprise, which always only built Fiat automobiles on license and had declined to engage in its own developmental work, had to be pleased to have found a new partner at all.

In the meantime, Seat, an enterprise of the state INI holding company, is once more a little better off. The automobile maker, according to its president Juan Antonio Diaz Alvarez, is in a "phase of consolidation."

Seat has already palpably rationalized. Of the 31,000 people who built a bare 200,000 automobiles in 1981, a good 7,000 have been dismissed. Productivity in the modernized Seat plant at Pamplona is partially at European peak levels today.

Volkswagen experts from all areas of the establishment have helped energetically. Thus, under the supervision of Georg Heinelt who came to Seat from VW in Brazil the quality of the vehicles has improved noticeably. VW also decidedly helped in the creation of a Europe-wide customer service network.

In the meantime, according to Seat, the establishment is producing more automobiles than ever before. This year, up to 550,000 vehicles are to come off the Seat assembly line, with 250,000 of them destined for export. Enterprise management is already negotiating with the union for overtime.

Seat chief Diaz Alvarez is betting primarily on the success of the first Seat-produced model, the subcompact Ibiza, which has been marketed since last fall. To produce the Ibiza, the Spaniards spared no cost; it is--according to the advertisers--"Latin in appearance, German in character."

Italian designer Giorgetto Giugiaro designed the body, Porsche developed the engine and the transmission, Karmann of Osnabrueck built the prototypes. The Ibiza is supposed to put the enterprise into the black at long last.

Between 1978 and 1983, the state monopoly lost around 2.3 billion marks, almost two-thirds of the loss took place since the separation from Fiat. During this time, the state Instituto Nacional de Industria (INI) Industrial Holding Company has invested 1.1 billion marks in Seat.

Nevertheless, according to INI chief Luis Carlos Croissier, the automaker has "no chance" by itself. Croissier would also like it best if VW were to take over Seat--some 51 percent or more.

But Croissier as well as Seat chief Diaz Alvarez agree that for this to happen the enterprise must first be extensively reorganized. Primarily, thousands of jobs must be dismantled. "Seat must be profitable," said Diaz Alvarez, "then it is certainly salable."

The VW chief sees it exactly the same way. "First," says Hahn, "the bills of the past must be met. We do not want to take on a millstone."

A "normally financed" enterprise would be an attractive purchase, even for Hahn: "We are prepared to pay a fair price."

Hahn does not want to put any numbers on what is fair. However, experts figure that the buy-in to the Seat enterprise will cost VW around half a billion marks.

Spain is the last growth market in Europe. Approximately every third Middle European owns his own automobile; but only approximately every fifth Spaniard does.

Seat would be an important supplement for the VW enterprise. "We fit well together," said Hahn. The Spanish enterprise could, for the long pull, build Wolfsburg products below the gulf. Compact automobiles can be produced cheaper in Spain than in the Federal Republic as shown by the Opel Corsa or the Ford Fiesta.

The strategy is illuminating: Within the Wolfsburg trust, Audi delivers high-class vehicles, VW the middle-class vehicles and Seat would take over the compacts.

In doing so, the enterprise would, in the beginning, create competition for itself--as had occurred after the purchase of Audi NSU. Particularly the Ibiza model and the Polo aim at the same customer audience. In the long run, however, a completely new model automobile would probably take the place of the Polo and the Ibiza. It would then be produced exclusively in Spain.

Hahn does not even want to consider any fears that the approximately 6,000 workers who currently are still building the Polo at Wolfsburg might become surplus as a result of the Seat amalgamation: "We will certainly do nothing which might cost us jobs here in this country."

5911

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ECONOMIC

SPAIN

# CONTRACTS OF NON-FPE ASTANO WORKERS TO BE CANCELED

Madrid ABC in Spanish 8 Jan 85 p 49

[Article by Jose Antonio Vega: "Contract Cancellation Due This Week"]

[Text] The INI (National Industry Institute) this week will send the letters of contract cancellation to surplus workers at the Astano naval factory who do not want to join the employment promotion funds. The attitude of the Astano enterprise committee is one of radical opposition to joining the fund.

Sources at the INI yesterday indicated to this newspaper that, although it was announced that letters of contract cancellation would be sent to workers this week, it had not been decided on what day the letters would actually be mailed; the idea was to hold off so as to provide a last-minute opportunity for membership applications from surplus workers which may yet reach the personnel department of Astilleros Espanoles, S.A., in a continuous flow. More than 1,646 applications to join the employment fund have already been received from the Astano shipyard, the place where resistance was strongest to the conversion plans of the INI; this number approximately covers 48.5 percent of the surplus workers.

The Astano enterprise committee nevertheless announced that the workers would resist as much as possible and they once again restated their radical opposition to joining the FPE (Employment Promotion Funds). The committee drafted a new mobilization plan for the entire month of January which will begin with a factory sit-in throughout today. Tomorrow there will be a rally in El Ferrol which will end before the post office from where congratulations will be sent to the prime minister, accompanied by a series of recommendations on the future of Galician industry. Preparations for a march to Santiago de Compostela for 20 January will be completed on 12 January.

In view of this forceful attitude by the Galician shipyard workers, the INI has decided to grant several days grace for the receipt of FPE membership applications--although none will be accepted after this week. Tomorrow or the day after, the final contract cancellation letters will probably be sent to the workers.



On the other hand, a group of about a hundred workers from the naval facilities at Ascon, in Vigo, yesterday morning tried to attack the British cruise ship "Sea Princess" with 680 tourists on board, according to EFE Efe Agency (Press Association).

In demonstrations covered yesterday by that news agency, the bishop of Mondonedo-Ferrol, Miguel Angel Araujo, called for an economy of austerity and denounced the effects of the conversion project at El Ferrol. "Nobody could say that he is defending the working class," he said, "when he plays with their jobs, when he delays industrialization, or when he defends his security to the utmost without risking anything for the common good."

On the other hand, Manuel Alvarez Martin, a young man from Gijon who is presumed to have fired the shot that took the life of young Raul Losa, was released on probation yesterday after posting 1.5 million pesetas bail.

5058

CSO: 3548/76

ECONOMIC

SWEDEN

# COUNTRY'S INDUSTRY SETS NEW GROWTH RECORD

Stockholm DAGENS NYHETER in Swedish 15 Feb 85 p 11

[Article by Bjorn Anders Olson: "Swedish Industry Broke All Records"]

[Text] Swedish industry broke alltime records last year. Never before has industrial production been so high. The largest increases were in mining and manufacturing.

The entire postwar period until 1974 Swedish industrial production rose steadily. In 1974, the year after the first petroleum shock, there was a peak year and also a turning point.

It has taken 10 years to return to and pass the production volume of 1974.

According to the Central Statistical Bureau Swedish industrial production last year was 5 percent above the 1974 level.

The increase in production between 1983 and 1984 was 6.9 percent, the largest increase in two consecutive years since 1969.

But it took a long time for Swedish industry to recover from its retreat.

Industrial production declined steadily until 1979-80, when a weak recovery took place. Then "the lost years" continued. A real recovery came first in 1982. But last year for the first time Swedish industry returned to the record production of 1974.

Last year's industrial production was 9.7 percent above the previous peak of 1979.

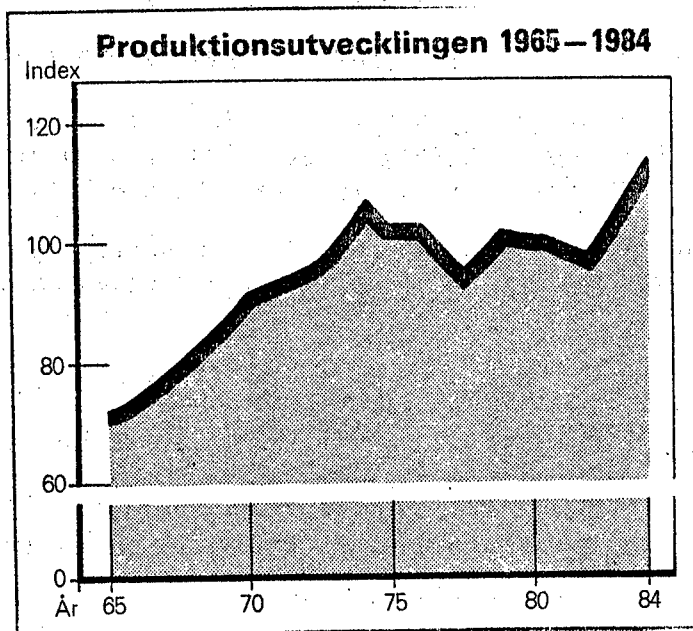
Last year all branches showed increased production. It was best for the iron mines, which after many setbacks increased production by 37 percent.

The manufacturing industry, which is 40 percent of all industry, increased its production by 10 percent. Iron, steel and metal production also in-

creased dramatically, and approached the 1974 figures. The forest industry, which is early in a business cycle, certainly continued to increase its production last year, but at a slower pace than in 1983.

Last year industry as a whole had a substantial setback in July. Then production rose successively during the rest of the year, and in December it was 12 percent over December 1983.

For most branches a continued improvement is expected for the first quarter of this year, according to the business barometer which was published earlier in DAGENS NYHETER.



Caption: Production development 1965-1984. Swedish industry steadily increased production until 1984. Then followed a long period of lost years. Last year for the first time industrial production climbed back over the level of 1974. (Source Statistical Central Bureau).

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ECONOMIC

SWEDEN

# TRADE WITH IRAN GROWS DESPITE DELAY IN OIL IMPORT AGREEMENT

## Foreign Minister Defends Increase

Stockholm DAGENS NYHETER in Swedish 5 Feb 85 p 8

[Article: "Trade With Iran Continues to Increase"]

[Text] Sweden's trade with Iran continues to increase but this should not be viewed as Sweden accepting the human rights violations in Iran.

Foreign Minister Lennart Bodstrom clarified this in the Riksdag on Monday during an interpellation debate with Conservative Party member Tore Nilsson. Bodstrom rejected a unilateral Swedish trade boycott against Iran and referred to the fact that the UN Security Council had not passed a resolution on trade sanctions against Iran.

"Sweden's trade with Iran is increasing but it is nothing new that trade with a country at war increases. The Swedish companies decide themselves which countries they want to trade with," said the foreign minister.

## Oil Agreement Again Delayed

Stockholm DAGENS NYHETER in Swedish 5 Feb 85 p 12

[Article: "Oil Agreement with Iran Delayed"]

[Text] Despite more or less continued negotiations since this spring, Sweden still has not reached an agreement with Iran about the controversial 700 million kroner oil purchase. All indications are that there will be a long delay until any agreement is reached. The reasons are threefold: the war, the exchange rate of the dollar and Iran's increased oil prices.

The purpose of the oil purchase from Iran is to reduce the balance of trade between the countries. Sweden sells considerably more to Iran than Iran sells to Sweden.

In Sweden it is formally the OEF [National Board of Economic Defense] that is the purchaser. But the oil is not needed for stockpiling in Sweden. It will therefore be sold and any incurred losses on such a transaction will put OEF itself in the red.

Although the decision to purchase and the cost has already been agreed upon and announced, the Swedish Petroleum Institute which has been commissioned to negotiate and carry out the transaction on behalf of OEF, will nevertheless handle the purchase on a very businesslike basis. But that has in fact proven difficult.

9583

CSO: 3650/157

ECONOMIC

TURKEY

TURK-IS' YILMAZ DEMANDS TIMETABLE FOR LABOR LAW CHANGES

Istanbul CUMHURIYET in Turkish 26 Dec 84 p 1

[Text] Business and union news desk--Prime Minister Turgut Ozal and the president of the Turkish Labor Confederation, Sevket Yilmaz, will hold a summit meeting at the latest by 15 January, following a 6-month interval. It is expected that the agenda of the new summit, which was discussed at the Ozal-Yilmaz meeting the day before yesterday, will be a busy one. The Turkish Labor Confederation will meet in Ankara tomorrow and establish the views of the confederation to be presented at the summit.

Turkish Labor Confederation President Sevket Yilmaz announced that in line with the views to be formed at the presidium meeting, they will demand a timetable for the amendments that they deem necessary to the laws that regulate labor pertaining to "all articles that violate the parliamentary democratic regime and free union activities." Yilmaz, who also criticized the severance pay fund bill, said, "We will not retreat one step from rights that have already been won."

Turkish Labor Confederation President Sevket Yilmaz had this to say to the CUMHURIYET correspondent in reference to the talks he held with Prime Minister Ozal the day before yesterday and the coming summit:

"We submitted our demands in 18 articles over 5 months and 1 week ago. We have seen how interested they were. They took an interest in only two of our requests. We asked if this was the way to insure labor peace. Consequently, agreement was reached for a summit by 15 January."

Yilmaz, who reiterated that the Turkish Labor Confederation Presidium will meet in Ankara tomorrow with a busy agenda, said:

"We shall demand that the government set a timetable to make all the changes that we deem imperative in all the legislation that regulates labor life and in which there are articles and provisions in violation of the principles of the democratic regime and free union activities. The most significant issue is that it should be understood that the opposition can exist in a democracy as much as the party in power can."

Yilmaz also referred to the severance pay fund bill scheduled to be presented to the Turkish Grand National Assembly at the beginning of the new year and to changes in the bill that parallel the confederation's demands and said:

"I don't want to say a word on that subject, because I oppose it in its entirety."

Sevket Yilmaz pointed out that in principle he was not against the formation of a fund and stressed that certain legislative changes had to be made before the fund was established. He said, "We will not make a single concession on the rights that have been won concerning severance pay." Yilmaz also referred to the disclosures of Labor Minister Mustafa Kalemli's speech in reference to the Turkish Labor Confederation during discussions of his ministry's budget at the National Assembly plenum:

"Had they known what bookkeeping balances really mean they would not have spoken in that manner. The confederation's total assets appear on paper as 797 million lira. Included in this are the entire assets of the Turkish Labor Confederation and its entire revenues and expenditures. If they had known that these were shown in the total they would not have spoken in this way."

Yilmaz pointed out that Minister Kalemli denied his statement at the National Assembly: "We showed them the minutes of the assembly. You figure out the rest."

9834

CSO: 3554/61

ECONOMIC

TURKEY

#### TIKHONOV VISIT GIVEN ECONOMIC PERSPECTIVE

Istanbul DUNYA in Turkish 26 Dec 84 p 1

[Text] The visit of Nikolay Tikhonov, prime minister of the Soviet Union, will produce concrete results in bilateral economic relations. In addition, the political consequences of the visit may bring Turkey significant advantages in general.

In connection with the incendiary issue of the recent militarization of Limnos and certain Greek islands in the Aegean, Turkey may insure the inclusion of "indirect" Soviet support in the joint communique to be issued at the end of the visit. Moreover, a diminution of the familiar Soviet reservations concerning the final line that Mr Denktas has accepted, as well as the Soviet desire for continued intercommunal talks, may also be included.

However, what is much more important is that the image of Turkey as a "shield" or a "fine break" in the heated atmosphere of the Middle East should be put into perspective. This attribution, which Western foreign capitals are being told about in exaggerated tones by certain Turkish authorities in their anxiety to convince them of the importance of Turkey, produces just the opposite results. The image that Turkey is a bulwark against a potential Soviet threat to the Middle East, even if Turkey were to leave NATO, makes it a "high risk" country in the eyes of foreign capitals.

To the extent that the concept of "good neighborly relations" in Turkish-Soviet relations can be made compatible with Turkey's membership in NATO, Turkey will be able to free itself from being viewed as a "high risk" country. The bilateral economic relations would then contribute positively to this development to an extent that exceeds their own importance.

How \$6 billion in trade will be reached within 5 years, starting in 1986, depends on what is being traded. If natural gas, petroleum products and electrical energy to be purchased from the Soviet Union are taken into account, the Soviet side of the transaction will account for \$1.2 billion in annual sales.

Viewed from the Turkish side, it appears that agricultural products do not inspire large figures. Prospects for improvement appear to lie in textiles, with emphasis on readywear clothing. But the point that should not be



missed here is that the Soviets like to buy at very low prices. Consequently, massive purchases are made in the Western markets when wholesale discount sales of out-of-fashion products are offered. The Turkish textile industry, which has encountered active obstruction in the U.S. market, which it was hoped would become a second market after Europe, can capture the Soviet market only by carefully monitoring this Soviet practice.

9834

CSO: 3554/61

ENERGY

PORTUGAL

BRIEFS

SAUDI ARABIAN OIL AGREEMENT--Portugal has signed an agreement with Saudi Arabia for the delivery of 25,000 barrels of oil per day. The contract, which was concluded during the recent visit to Minister Jaime Gama to that petroleum-producing nation, maintains the Saudi share of the Portuguese market--around 20 percent--and has a value of 260 billion [as printed] dollars annually. [Text] [Lisbon TEMPO in Portuguese 8 Feb 85 p 16] 8844

CSO: 3542/117

ENERGY

SPAIN

# REFINERIES TO PRODUCE UNLEADED GAS IN 1986

Madrid ABC in Spanish 8 Jan 85 p. 51

/Text/ The Spanish refineries have a plan under way to reduce the lead content in gasoline and thus to adjust to the standards in this respect which will prevail in most of the EEC countries by the end of this decade. Spain will have to adjust to these standards although it has another year to meet the requirements of this Community regulation.

At this time, the lead content of gas used in Spain is 10.6 grams per liter while in most of the Community countries the figure is only 0.4 grams per liter. With the new regulation that is being imposed, lead in fuel cannot exceed 0.15 grams per liter.

To carry out this refining plan which will produce higher-quality gasoline, Petronor /expansion unknown/ is making modifications in one of its installations at Muzquiz which call for an investment of 1,300 million pesetas; this will make it possible to start the production of gasoline without lead as of the spring of 1986. According to studies prepared by the enterprise's chemical department--according to Enerpress /expansion unknown/--the lead will be replaced with a new element that is called butylic methyl ether and that has the same properties as lead but that does not contaminate.

The use of unleaded gasoline will be virtually mandatory throughout Europe starting in 1989, following the meeting held recently by the environmental ministers of the EEC. A system has been worked out for the gradual replacement of this gasoline. Basically, its use will be recommended and there will have to be higher-grade gasoline at all gas stations. The most polluting gasoline will gradually be withdrawn.

It is hoped that this measure will result in a reduction of pollution of the forested parts of Central Europe which have been threatened by "chemical rain" for the past several years; this has caused the death of thousands of trees, especially silver fir, in the woods of the Black Forest. However, many people argue that the automobile is not a decisive contamination agent since the proportion of carbonic acid,

which it releases into the atmosphere, is ridiculously small compared to the releases from factories and heating. Nevertheless, fuel for auto engines was the first to be regulated as a result of the pressure exerted by the German ecologist parties. This is why this new gasoline has already been dubbed "green gasoline."

The world's first country to force the use of unleaded gas was the United States and the decision to produce that gas was due to pressure from the manufacturers.

5058

CSO: 3548/77

ENERGY

SWEDEN

# ECONOMIC COSTS OF NUCLEAR POWER PHASEOUT ASSESSED

Frankfurt/Main ATOM+STROM in German Nov/Dec 84 pp 164-166

/Article by Friedrich Kienle\*: "Can Sweden Afford Nuclear Phaseout? Covering Energy Needs After the Year 2010"/

/Text/ The author evaluates the study by the "Ad-hoc Committee for Energy Questions" which was established in 1981 after adoption of the nuclear energy referendum in Sweden. This study was submitted by the group to the Swedish Government in the summer of 1984. Depending on the actually existing energy consumption the year 2010 and the then existing technical safety conditions of the nuclear power plants operating today, Swedish energy experts expect additional costs for the Swedish economy in a range of up to 10 billion kronor/year.

After the oil price shock of the years 1973 and 1978/79, primary energy consumption dropped drastically in Sweden, as in other Western economies. Dependency on oil in particular was noticeably reduced. However, through a nuclear energy referendum in 1980 the Swedish people took it upon themselves to not increase further the number of nuclear power stations in operation or under construction, to not replace old installations, and to phase out by 2010 installations which could continue safe operation from a technical standpoint. The Swedish electrical power industry therefore is faced during the coming 25 years with the task of replacing 50 percent of the electricity produced today on the basis of nuclear energy with other energy types, or to drastically reduce the share of electricity in the ultimate energy consumption by the aforementioned date. It is important to keep in mind that this process must not end up in renewed dependency on oil.

The energy committee had proceeded from the basic conditions of ensuring the energy supply on a low-cost basis and with the least possible impairment of the environment. This includes particularly effective, economical energy use which, however, must not be paid for with damage to the natural environment or loss of jobs, respectively. Also given consideration was the prospect that

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\*F. Kienle, doctor of Commercial Science, reports on nuclear energy for the Federation of German Power Plants in Frankfurt (Main).

within the framework of growing industrialization of the Third World--if free world trade is ensured--, there will probably be a shift of basic industries to countries with lower energy costs and for this reason, the Swedish industry in the long run will have to adapt to the manufacture of high-quality finished products with lower specific energy requirements. Taking into account this assumption, and also assuming continued oil price hikes which will lower consumption, the energy committee considers a further drop in oil consumption in Weden as quite realistic for the future.

With a changeover of industrial production to less energy-costly lines and an advance of the service sector, the members of the energy committee believe that a real growth of the gross national product can be attained without a significantly higher consumption of primary energy, since increased energy-saving measures can be expected through better construction devices to cope with low temperatures.

In view of the low-cost production of nuclear power plants and hydroelectric power stations for the base load, noticeably rising electricity costs must be expected if nuclear energy is substituted with other energy sources. For this reason, the present competitive advantages of electricity versus other energy sources will probably diminish and demand will rise less steeply. Still, because of consistent use, and favored by regulations, increased electricity consumption in industry must be expected, although with lower growth rates than in the past. In households and small businesses, energy is primarily used for heating purposes to combat low temperatures. While total energy use will noticeably drop with improved thermal insulation, the energy experts expect a further advance of electricity in the heating market, especially in sparsely settled areas. In the opinion of the committee, energy consumption in the year 2010 might look as represented in Table 1.

#### The Committee's Expectation of Future Energy Consumption up to the Year 2010

If the development of recent years continues, central heating installations--mostly fed by heating power plants--must be expected for more densely populated areas. But large electric heat pumps are also on the upswing and will lose none of their attraction, despite foreseeable rising electricity costs. On the other hand, direct electric heating installations for residential apartment enclaves will probably decrease in number if electricity prices rise, while they will hardly decrease for individual homes due to a lack of alternatives (there is no going back to individual oil heating). This use of electricity must be considered positive from an environmental standpoint even if, at a later date, electricity must be produced at central coal-powered installations with flue gas purification.

Gas heating could only become of interest if Norwegian gas were brought cheaply to consumers through a central pipeline to southern Sweden.

In case of a further reduction in oil consumption, within a few years consumption might drop to only half of the amount used at the end of the seventies. With further diminishing use in the heating market, its consumption as a motor fuel might soon constitute the largest share of total consumption.

Because of the high percentage of total energy consumption for heating, the effects of the conversion of energy and ultimate energy consumption on the environment and human health will depend significantly on the selection of the energy source to be used. Independent of the source of energy, for reasons of environmental protection, preference must be given to central heating installations over individual heating systems. In particular, the additional use of electricity in the heating market as a substitute for individual oil-heat units improves environmental conditions, if the power plants are equipped with ecologically beneficial preventive mechanisms to lower emissions. Replacing oil heat with solid fuel heating systems cannot be recommended except in the case of sparsely populated areas.

Even after the projected phaseout of nuclear power plants by the year 2010 it will be useful to continue using existing electric heat, even if the electricity must be produced in large coal-fueled installations.

Table 1. Energy Consumption by the Year 2010 in TWh

Sector	Lower Limit		Upper Limit	
	Total Electricity	Total Electricity	Total Electricity	Total Electricity
Industry	130	42	150	40
Transport	73	2	60	2
Household/ Business	151	57	100	50
Total	354	101	300*)	90*)

\*) rounded off

In estimating the substitution potential required by 2010, the commission assumes that, despite the layout of nuclear power plants for 40 years of service life, for economic reasons several installations will no longer be in operation. Other reasons for a premature shutdown could be changed safety demands, or cases of trouble in the installations. In order to avoid an abrupt change, the commission recommends taking nuclear power plants out of operation over a period of about 10 years, beginning with the year 2000. It is also recommended that, prior to the substitution decisions which will have to be taken, information must be gathered in the nineties on the expected service life of the nuclear plants.

In 1983, energy consumption in Sweden amounted to about 100 TWh (without transmission losses). The Swedish EVU expect this consumption to rise by about 20 TWh by the year 1990, and that the nuclear power plants will provide about half of Swedish electricity production at that time. Since a considerable uncertainty about future electricity consumption cannot be eliminated, depending on the world economy and consumer attitudes, the commission calculates that annual electricity consumption in 2010 will reach a spread between a minimum of 90 TWh and a maximum of 150 TWh. This would mean that in 2010, in the most favorable case production installations would have to be available for an additional annual output of 25 TWh, in the worse case for about 60 TWh.

While private consumption, especially for heating purposes, will be largely independent of the expected increase in electricity rates, the rising electricity demand for industrial heat can be expected to drop with higher electricity costs.

Economic problems in shutting down the Swedish nuclear power plants are not expected if the shutdown occurs toward the end of service life of the nuclear power plants, when substitute investments will have to be made in any case. Investment in new installations are thus only brought forward or concentrated in a shorter period of time, respectively, because of the relatively abrupt phaseout.

However, the government would have to announce early on the technical limiting conditions regarding installations permissible under environmental considerations, and those state institutions involved in granting permits for substitute investments would have to be obligated to effect the necessary permits in a swift manner. Should it become evident in 2010, however, that the nuclear power plants could easily continue operating for an extended period of time, then the forced shutdown will produce clear economic disadvantages for the EVU concerned and for the Swedish economy.

In the opinion of the committee, a major effort must be made--before planning the necessary substitutes--to utilize electric energy as economically as possible and to distribute demand in such a fashion so that the smallest amount of substitute capacity must be constructed. Although effective use of electricity in industry has already been attained to a very large degree, a study on consumer attitudes in households and business could provide information on additional ways of economizing.

In this context, the commission also considered whether a drastic increase in the electricity tax could bring forward in time the electricity rate increases to be expected after the shutdown of the nuclear power stations, thus additionally lowering the demand for electricity. In the opinion of the commission, the economic damage would be exceeding the advantage. The commission recommends instead a gradual adjustment of electricity costs.

But even with a drop in electricity demand by 10 TWh below the consumption rate at the beginning of the eighties to 90 TWh in 2010, additional annual production of 25 TWh would have to be substituted. Coal-fueled steam power plants, possibly with power-heat coupling, and further expansion of hydroelectric power offer possibilities as power generators. A modest amount could also be produced through small wind-driven power plants.

From a purely economic standpoint, expansion of hydroelectric power plants is the cheapest alternative. The next best solution is thermal power plants; both production types possess a potential of about 30 TWh in Sweden. On the basis of hydropower, 20 TWh could be made available at lower prices than for electricity from small heating power plants. An additional 5 TWh could be produced at more favorable prices than in large steam power plants, so that for economic reasons this potential should be utilized before tackling large condenser power plants.



From an environmental protection standpoint, thermal power plants and condensation power plants produce almost the same amount of emissions and air pollution. In the case of hydroelectric power plants, environmental damage depends largely on local conditions. For this reason, the commission refrains from making a general recommendation. In addition to regenerative energy sources, such as wind energy, for overriding reasons it recommends primarily the use of power-heat coupling in smaller thermal power plants before planning for the greater use of hydropower is begun. In case of further increase in the demand for electricity, production should first of all rely on hydropower plants and only secondarily on large condenser power stations.

In order to carry out the required planning in good time, the committee is of the opinion that the Swedish Government, by 1990 at the latest, must determine the necessary basic conditions and pinpoint locations for the construction of hydropower plants as well as condenser power stations.

Under environmental protection considerations, care must be taken that emissions are kept as low as possible. In the selection of locations, besides ecological damage, other aspects must also be taken into account, such as the transportation of fuel, geographic distribution of the consumers, existing transmission lines and already existing electrical installations. It will be the task of the managing side, together with state institutions, to select some five locations for three or four power plant units each with a view to the aforementioned considerations.

The decision of the Swedish parliament not to construct any new installations beyond the nuclear power plants already in operation or under construction, and to shut down the existing plants by 2010 at the latest, has considerable economic consequences. Estimates on the financial effects on consumers come to the conclusion that, depending on the condition of the nuclear power stations at the time of the shutdown with a service life of 40 years, up to 50 billion skr would have to be spent for electricity production on the basis of other energy sources. If the electricity production of nuclear power plants were to be replaced entirely with coal, additional annual charges of up to 500 million kronor per nuclear power plant can be expected, i.e., 5 to 6 billion kronor per year at today's price level.

#### Concluding Remarks

Total relinquishment of nuclear energy in Sweden after the year 2010 is only possible if the Swedish Government pursues a long-term, continuous and consistent policy directed toward this goal. Even faster abandonment of nuclear energy can be assumed if--no matter whether in Sweden or abroad--a sizeable reactor accident were to occur, or if the faulty layout of a nuclear power plant were to suggest a stronger threat than previously assumed. On the other hand, due to faultless operation of an ever greater number of nuclear power stations, the public might increasingly gain the impression that the danger of mishaps had been greatly overestimated. This would surely reopen the discussion--in Sweden also--on the meaning of phasing out nuclear energy. In particular, a growing ecological awareness of a larger public has changed attitudes toward

the use of oil, coal and other combustible solid fuels. With the changing assessment of various energy sources, especially from an environmental protection viewpoint, in future new impulses can be expected for a renewed discussion of the parliamentary decision. Also, the debate will probably be influenced by the price level of the competing energy sources. If the cost of oil, coal and gas should drop in real terms, the economic consequences of a nuclear energy phaseout are less grave. If the cost of these energy sources should drastically increase, however, aspects of economy may have a greater voice in the debate on nuclear energy. Higher electricity production costs of installations operated with fossil fuels, which will gradually accrue in the final phase of the nuclear energy phaseout, may also occasion the desire during difficult economic situations to carry out the shutdown of nuclear power stations as late as possible, perhaps even after the projected date.

In the course of time, many discussions will yet take place on the sense or nonsense of the decision by the Swedish parliament. However, as the year 2010 comes closer and as the installations age, because of the long preliminary startup times it will become more difficult to undo the economic effects of the decisions made in 1980, or to correct the decision, respectively.

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OCEAN/POLAR ISSUES

TURKEY

#### ANKARA POSTURES AGAINST GREEK 12-MILE AEGEAN CLAIM

Istanbul TERCUMAN in Turkish 20 Feb 85 p 4

[Text] Ankara (TERCUMAN) - In the face of Greece's concentration of its units on the Bulgarian border at the Turkish border and of the strengthening of its push to extend its territorial waters in the Aegean to 12 miles, Turkey is resorting to increasing its defensive force in the Aegean and Thrace. Meanwhile Turkey has started to warn all NATO countries that Greece's extension of its territorial waters in the Aegean to 12 miles will be viewed as a cause for war. In the warnings it is also pointed out that the time has come for NATO to "curb" Greece.

Government and defense sources draw attention to the fact that lately the Greek premier, on the basis of the International Maritime Law Agreement, has again been sounding out prospects for extending territorial waters in the Aegean to 12 miles, and that he simultaneously is resorting to actions that escalate tensions.

The same sources pointed out that Turkey is carefully following these developments and that all aspects of the question are being evaluated at the highest level, and they said:

"Since Papandreou came to power he has chosen to use the Turkish factor to gain ground in his domestic policy and steadily fostered enmity toward Turkey. Impending elections in the fall strengthen the possibility of Papandreou's making further rash moves. And the Greek premier, after shifting to the Turkish border the units assigned to NATO on the Bulgarian border, speaks now of his having the right to extend territorial waters in the Aegean to 12 miles.

It is known that should Papandreou resort to a fait accompli before the elections and extend the Aegean territorial waters, Turkey will react extremely harshly. Turkey has repeatedly said in no uncertain terms that it would consider such a move a cause for war. And there is no question of its making any change in the stance it has adopted.

We Cannot Accept

Another point that should not be forgotten is that the International Maritime Law Agreement's 12-mile distance is only applicable to open waters.

The Aegean Sea, due to its geographical location as well as to the islands' political status, is a special case. If this is not taken into consideration, and Greek territorial waters are extended to 12 miles, the Aegean will be turned into a Greek lake. Which will mean essentially that all of Turkey's rights and interests in the Aegean will be trodden under foot. And there is no question of Turkey accepting such a situation."

#### NATO Plans

According to the same sources, at the same time the government is dwelling on the second important development, which is the shifting of the Greek units on the Bulgarian border to the Turkish border, in the face of which the government is increasing its defensive force in Thrace on the one hand it is issuing the following warning to NATO countries:

"By shifting its troops on the Bulgarian border, which are part of NATO's defensive strategy framework, to the Turkish border Greece not only displayed its inimical stance toward Turkey. This stance of Greece can also be viewed as upsetting NATO's defensive plans. NATO should give serious consideration to this matter. It would be a grave mistake to look on this question as a matter between Turkey and Greece only.

The Greek premier must be definitely warned about the extremely dangerous developments which would result from shifting troops and an eventual fait accompli in the Aegean. All NATO countries, and chief among them the United States, must take action on this issue. If they fail to do so, not only Greece but all NATO countries will bear the responsibility for the resulting grave developments."

Another important development on which the government is dwelling also is the issue of the arming of the islands within the framework of Greece's new defensive strategy. It has been pointed out that the islands which are being armed in defiance of years of international treaties, Limnos being chief among them, have come to be a serious threat from the standpoint of Turkey's defense.

Circles close to the government state that during Premier Turgut Ozal's official visit to the United States at the beginning of April he will dwell with special emphasis on Greece's stance, and voice to President Reagan in person Turkey's views on the necessity for the United States to take action.

Meanwhile, officials of the Ministry of Foreign Affairs Information Directorate General have also replied as follows to the words of the Greek government's spokesman, to the effect that "Greece is entitled to extend its territorial waters to 12 miles, and the Greek government will determine when this right will be exerted":

"Turkey has expressed at every opportunity its views on the extension of territorial waters in the Aegean, and in such a manner as not to leave any doubt. Accordingly there is no question of any change in its stance."

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